NEDGROUP INVESTMENTS MULTIFUNDS PLC - INCOME MULTIFUND

September 2019

INFORMATION SHEET

INVESTMENT PHILOSOPHY

We believe we can help our clients achieve their financial goals by focusing on the best global investment opportunities, and by applying a long-term valuation driven approach.

INVESTMENT APPROACH

We take a globally diversified multi-asset approach. Our investment process comprises strategic and tactical asset allocation, manager research, portfolio construction and risk management.

INVESTMENT OBJECTIVE

The strategy aims to provide a lower risk, lower volatility investment option over the medium to longer-term. It is anticipated that the strategy 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.

RISK RATING

← 1 2 **3** 4 5 6 7 →

Distribution Yield of Distributing Class: 3.8%

Note: Based on last four quarterly distributions as a percentage of current share price

FUND PERFORMANCE

Period	GBP	MSTAR GBP PEER GROUP	GBP LIBID 3 month	USD	MSTAR USD PEER GROUP	USD LIBID 3 month
	%	%	%	%	%	%
3 Months	0.8%	1.8%	0.2%	1.2%	1.7%	0.5%
6 Months	2.9%	4.0%	0.3%	3.7%	4.2%	1.1%
1 Year	5.3%	6.4%	0.7%	6.9%	7.7%	2.4%
3 Years Ann	3.0%	1.4%	0.5%	4.2%	3.0%	1.8%
5 Years Ann	3.0%	2.4%	0.5%	3.3%	2.5%	1.2%
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%	-2.0%	-0.2%	0.2%
2014	3.0%	5.6%	0.4%	2.4%	3.6%	0.1%
2013	3.0%	-2.3%	0.4%	2.7%	-0.9%	0.1%
2012	8.1%	4.8%	0.6%	6.3%	4.0%	0.2%
Since inception	3.6%	2.3%	0.5%	3.6%	2.5%	0.9%

Class C performance net of fees, backfilled prior to inception dates with Class A returns adjusted for fees. Inception 26 January 2012 for GBP and 12 April 2012 for USD share class. GBP Peer Group is Morningstar Global Bonds – GBP Hedged. USD Peer Group is Morningstar Global Bonds – USD Hedged.

As at 30 September 2019

DRIVERS OF THIRD QUARTER 2019 PERFORMANCE

The portfolio had a solid quarter, rising +1.2% (US$ C Class).

Within fixed income, the portfolio's bias towards shorter maturity bonds detracted from returns as government bond yields fell sharply over the quarter. Increased risk aversion meant the portfolio's exposure to US government bonds, via Vanguard US Government Bond Index (+2.4%), and conventional investment grade credit, via and Wellington Global Credit Plus (+2.4%) and PIMCO Global Investment Grade (+2.4%), performed strongly. However, despite the risk-off tone, the two sub-investment grade funds (AXA and Muzinich) still managed to achieve positive returns. Finally, Franklin Templeton Global Total Return (-4.6%) was disappointing, hindered by its exposure to emerging market local currency bonds which were weak over the period.

In other areas, the small exposure to high yielding UK equities was a positive, as were the holdings in UK commercial property. The more traditional UK commercial property holding, BMO Commercial Property (+6.0%), recovered some lost ground from earlier in the year despite continued Brexit uncertainty, which had previously unsettled the share price. The other more defensive care home exposures (held through Impact Healthcare and Target Healthcare) continued to generate solid returns.

Elsewhere, the portfolio's investment in infrastructure made a positive contribution, supported in part by the shift in interest rate expectations over the period (Greencoat UK Wind +3.4%, Greencoat Renewables +3.3%, John Laing Environmental Assets +0.5%). Finally, the portfolio's allocation to asset-backed lending was more mixed, with SQN Asset Finance Income Fund C-Shares (-2.1%) and GCP Asset Backed Income (+3.2%) broadly offsetting each other.

ASSET ALLOCATION CHANGES

As at 30 September 2019

SUMMARY OF RECENT CHANGES

In terms of changes to the portfolio during the quarter, we reduced credit risk within the fixed income section of the portfolio. This move took advantage of a tightening of credit spreads and high corporate bond prices, as well as recognising that credit is arguably in the latter stages of its cycle. We have taken a gradual but consistent approach to reducing credit risk as we are also cognisant that the ultra-accommodative monetary policy may well extend the credit cycle longer than in the past. Credit risk was cutback through a reduction in AXA US Short Duration High Yield, Muzinich Short Duration High Yield and PIMCO Global Investment Grade Fund. The proceeds were reinvested in the iShares US Treasury Bond 1-3 year ETF.

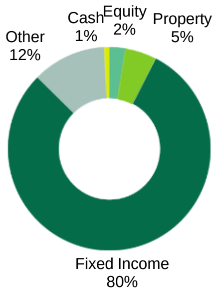
Source: Nedgroup Investments

INFORMATION SHEET

HOUSE VIEW

- Global real GDP will moderate to somewhere in the range of 2.25 to 2.75% in 2019.
- Advanced economy core inflation will remain around current levels.
- Interest rates in the developed world will remain very low with no meaningful changes from the ECB, BOJ or Federal Reserve. Divergence will remain a theme as the ECB, BOE and BOJ maintain ultra-loose / negative real interest rate policies, with a positive interest rate differential being quite supportive of the US dollar.
- Having been very strong in 2018, corporate earnings growth will remain positive but moderate to about 5% in 2019, which reflects slower economic growth and the fading impact of US tax cuts and fiscal spending stimulus.
- Equities will outperform bonds due to earnings growth and better relative valuations. The equity/bond risk premium continues to favour equities.
- Better value non-US equity markets will outperform the US (at least in hedged to US dollar terms).
- Within fixed income, corporate debt will outperform government debt; shorter dated bonds should do better than longer dated maturities.
- Any number of Brexit outcomes are plausible – e.g. a hard Brexit, a referendum, a soft Brexit, a general election etc. Depending on the outcome, sterling and UK assets seem set for a significant repricing. We are taking a cautious stance and find it hard to envisage a positive outcome as and when Brexit finally happens.
- US-China trade tensions will remain an uncertainty, although at worst the issue will be contained to a bilateral scuffle rather than anything more global, and at best, could be resolved by an agreed deal.

ASSET ALLOCATION

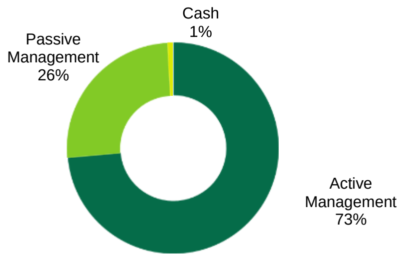


As at 30 September 2019

CURRENT POSITIONING

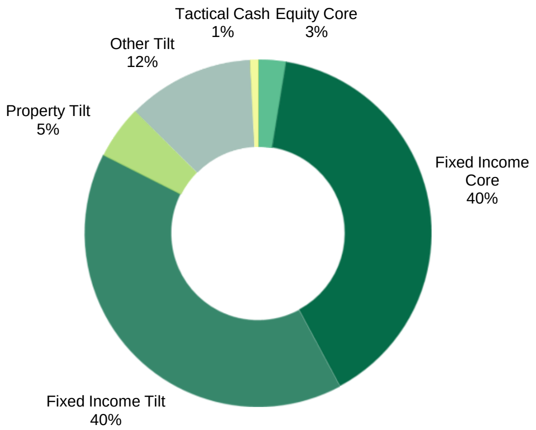
ASSET ALLOCATION	NEUTRAL	CURENT POSITION
Equities	0%	Overweight
Fixed Income	100%	Underweight
Government Bonds		*Underweight*
Corporate Bonds		*Overweight*
High Yield Bonds		*Overweight*
Property	0%	Overweight
Other	0%	Overweight
Cash	0%	Overweight

ACTIVE/PASSIVE ALLOCATION



As at 30 September 2019

TILT BREAKDOWN



Source: Nedgroup Investments

CURRENT POSITIONING WITHIN EQUITIES

OVERWEIGHT	NEUTRAL	UNDERWEIGHT
• Income generating UK equities		

CURRENT POSITIONING WITHIN FIXED INCOME

OVERWEIGHT	NEUTRAL	UNDERWEIGHT
• Short Duration		• Long duration bonds
• Corporate Bonds		• Developed market government bonds
• Emerging market bonds		

OTHER POSITIONING - PROPERTY AND CASH

OVERWEIGHT	NEUTRAL	UNDERWEIGHT
• UK property securities		
• Infrastructure, Renewable Energy and Asset Backed Lending.		
• Cash		

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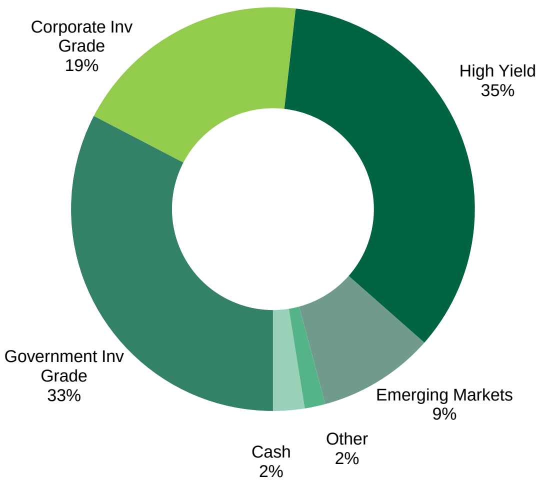
FIXED INCOME ALLOCATION

SECTOR ALLOCATION



CREDIT RATING SPLIT		
	FUND*	**BarCap Global Agg**
AAA	35.9%	42.3%
AA	2.2%	16.0%
A	9.9%	23.9%
BBB	14.3%	17.8%
< BBB	37.7%	0.0%
TOTAL	**100.00%**	**100.0%**

MATURITY SPLIT		
	FUND*	**BarCap Global Agg**
0-5 years	70.5%	46.2%
5-10 years	19.1%	28.0%
> 10 years	10.4%	25.8%
TOTAL	**100.0%**	**100.0%**

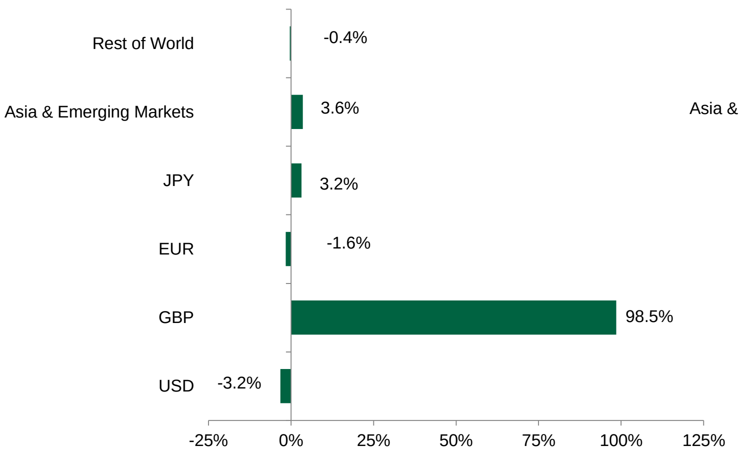
YIELD, MATURITY AND DURATION		
	FUND*	**BarCap Global Agg**
Yield To Maturity	3.4%	1.2%
Average Weighted Maturity (in years)	5.6	9.0
Average Modified Duration (in years)	4.1	7.0

Source: Underlying managers. Data point 30 August 2019 (including portfolio cash)

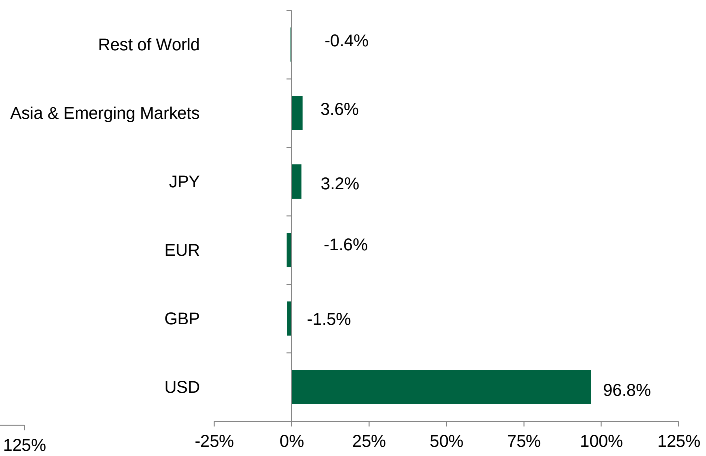
* Statistics are for the Fixed Income component of the portfolio and include portfolio's Cash

PORTFOLIO - CURRENCY EXPOSURES

GBP Class FX Exposures



USD Class FX Exposures



Source: Nedgroup Investments

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UNDERLYING FUND INFORMATION

	Strategy Tilt	Holding	Description of the underlying fund
FIXED INCOME CORE		**39.6%**	**FIXED INCOME CORE**
Vanguard US Government Bond Index Fund	-	19.0%	**Passively managed** tracker providing US government bond exposure at a low cost.
PIMCO Global IG Credit	-	10.5%	**Actively managed**, well-diversified portfolio of ***high quality investment grade*** corporate bonds. Whilst two-thirds of the fund must be invested in investment grade credit, it has the flexibility to invest up to 15% in high yield debt, 25% in emerging market debt, and can deviate slightly from the benchmark duration (currently 7.0 years). The portfolio currently has overweights to Banking, Pipelines, has 19% in emerging markets, 7% in high yield, and an overall duration of 5.6 years. PIMCO has a clear and consistent investment process, combining both their long-term macroeconomic views and rigorous security selection. It also benefits from significant resources in terms of human capital, technology, and global reach.
Wellington Global Credit Plus	-	10.1%	**Actively managed,** well-diversified portfolio of ***high quality investment grade*** corporate bonds. The fund has the flexibility to hold up to 15% in high yield debt, and deviate slightly from the benchmark duration (currently 7.0 years). The portfolio currently has overweights to Government bonds, Securitised debt, Telecoms, and a duration of 7.5 years. Wellington seeks to combine top-down macro themes and bottom-up security selection, in a way that is uncorrelated as possible. It benefits from vast resources in the fixed income space and has been investing since 1928.
FIXED INCOME TILT		**40.3%**	**FIXED INCOME TILT**
Muzinich Short Duration High Yield	Corporate Bonds, Short Duration	15.1%	**Actively managed,** well-diversified portfolio of high income-generating ***non-investment grade US corporate bonds***. The fund invests in selected ***short maturity corporate bonds***, generally expected to have a maturity of 3 years or less. Currently, the portfolio is predominantely made up of "higher quality" BB/B rated paper, and is significantly underweight Energy, which has recently been the most volatile part of the market. Muzinich is of the view that credit investing is lending money to a company - as such, they emphasise the need for thorough and independent fundamental research to ensure that they receive regular interest payments and principal at maturity. Muzinich's independent private ownership structure creates focus and stability within the firm. It also ensures alignment of the interests of the employees with that of the underlying investors.
AXA US Short Duration High Yield	Corporate Bonds, Short Duration	13.6%	**Actively managed,** well-diversified portfolio of high income-generating ***non-investment grade US corporate bonds***. The fund invests in selected ***short maturity corporate bonds***, generally expected to have a maturity of 3 years or less. Currently, the portfolio is prominently made up of "higher quality" BB/B rated paper, and is significantly underweight Energy, which has recently been the most volatile part of the market. AXA believes that successful investing within US high yield credit is characterised by avoiding principal losses through fundamental analysis, thus allowing income to compound without impairment. They are true pioneers in the short duration US high yield investment space, managing the most assets with a longer track record than most other managers.
Franklin Templeton Global Total Return	EM Bonds and Currencies	7.5%	**Actively managed**, ***unconstrained,*** high conviction global fixed income fund. It utilises ***long-term macroeconomic research*** to identify value opportunities in interest rates, currencies, sovereign bonds and corporate credit. Whilst the approach offers an advantage in terms of long term performance, it also implies more short term volatility. Currently, the portfolio has a significant overweight to emerging market currencies (such as the Mexican peso, Brazilian real, and Indian rupee), and underweights to the euro and Australian dollar.
iShares $ Treasury Bond 1-3YR UCITS ETF	US Treasury, Short Duration	4.0%	**Passively managed** tracker giving US Treasury 1-3 Year bond exposure at a low cost.
PROPERTY TILT		**5.0%**	**PROPERTY TILT**
Target Healthcare REIT	UK Property	2.0%	**Actively managed,** UK-listed, closed-ended, Jersey-incorporated investment company that invests in ***healthcare-related real estate assets (UK care homes)***. It has a diversified portfolio by location (the largest area being in South East at 22%) and an income stream across 24 operating tenants. Cash flows are supported by long-term leases and stable rent payments linked to inflation. The manager has a conservative approach to debt financing. It aims to provide investors a high and reliable quarterly dividend, inflation protection, and capital growth via extensions and target acquisitions.
BMO Commercial Property Trust	UK Property	2.0%	**Actively managed,** UK-listed, closed-ended, Guernsey-incorporated investment company that invests in ***prime*** UK commercial property. It has a focused portfolio (with the top 10 holdings constituting circa 60% of the trust) with a bias towards London and the South East, especially ***prime London West-end retail*** (FCPT owns St Christopher's Place Estate near Selfridges in London). This is a conservatively-managed portfolio which maintains relatively low leverage, and pays a high and reliable monthly dividend.
Impact Healthcare REIT	UK Property	1.0%	**Actively managed,** UK-listed, closed-ended, UK-incorporated investment company that invests in ***healthcare-related real estate assets (UK care homes)***. It has a diversified portfolio by location (North West 31%, Midlands 19%, North East 14%) and tenant type (local authority 59%, private-pay 34%, NHS 7%). Cash flows are supported by long-term leases and stable rent payments linked to inflation. The manager has a conservative approach to debt financing, and had no initial debt at its IPO. It aims to provide investors a high and reliable quarterly dividend, inflation protection, and capital growth via extensions and target acquisitions.
EQUITY TILT		**2.6%**	**EQUITY TILT**
iShares UK FTSE Dividend Plus Fund	UK Equities	2.6%	**Passively managed** index tracker that provides efficient low cost access to the higher yielding stocks that comprise the FTSE UK Dividend+ Index.
OTHER		**11.8%**	**OTHER**
John Laing Environmental Assets Group	Other	2.5%	**Actively managed,** UK-listed, closed-ended, Guernsey-incorporated investment company that invests in a portfolio of ***environmental infrastructure projects***. This involves the generation of renewable energy (solar, wind, hydropower and biomass technologies), the supply and treatment of water, treatment and processing of waste, and projects that promote energy efficiency. Currently, the portfolio consists of investments in 28 projects: 6 solar; 13 wind farms; 3 water processing; and 6 anaerobic digestion projects. Cash flows are supported by long-term contracts and stable regulatory frameworks partially linked to RPI. JLEN is an opportunity that can provide investors with a high level of income, good degree of inflation protection and pretty low risk of permanent loss of capital.
SQN Asset Finance Income Fund C Shares	Other	2.0%	**Actively managed,** UK-listed, closed-ended, Guernsey-incorporated investment company that provides ***asset financing for business-essential equipment*** to small-medium size firms around the world. Typically SQN will acquire the asset directly and provide a company with either an operating or financing lease. A return is generated via interest on the lease and, in the case of an operating lease, any residual value of the equipment at the end of the lease period. They may invest in any industry, but tend to have high exposure to industries that are asset-intensive, requiring robust, long-lived capital equipment such as agriculture, manufacturing and transportation. SQN is an opportunity that can provide investors with a high level of income, and low risk of permanent loss of capital. Cash flows are supported by long-term (8 years on average) non-cancellable underlying contracts (leases), which are collateralised by business-critical pieces of equipment. SQN stands for ***S****ine* ***Q****ua* ***N****on* (Latin for: 'Without which it could not be').
Greencoat UK Wind	Other	2.0%	**Actively managed,** UK-listed, closed-ended, UK-incorporated investment company that invests in a portfolio of ***UK based wind farms***. Greencoat benefits from the attractive long term incentives /subsidies provided by the UK government to attract investment into the renewable energy sector. The fund's geographic exposure is diversified across England, Scotland, Wales and Northern Ireland, minimising the risk of unusually low levels of wind over any particular period. Cash flows are supported by long-term contracts and stable regulatory frameworks partially linked to RPI. The manager has a conservative approach to debt financing. Greencoat UK Wind is an opportunity that can provide investors with a high level of income, good degree of inflation protection and low risk of permanent loss of capital.
GCP Asset Backed Income Fund	Other	1.8%	**Actively managed,** UK-listed, closed-ended, Jersey-incorporated investment company that provides ***medium to long term fixed or floating rate loans*** to companies that are predominately based in the UK, secured against cash flows and/or physical assets. GABI focuses predominantly on asset-backed loans across a range of sectors that provide a core service to society (e.g. renewable energy, social infrastructure, asset finance, property), and offer predictable risk and income profiles. GABI is an opportunity that can provide investors with a high level of income, and low risk of permanent loss of capital. Cash flows are supported by long-term loans (10 years on average), which are collateralised by specific assets or cash flows, some of which have a degree of inflation/rate protection.
Greencoat Renewables	Other	1.5%	**Actively managed**, UK-listed, closed-ended, Ireland-incorporated investment company that invests primarily in a portfolio of ***Ireland based wind assets***. Over time, the fund aims to diversify across a number of other European countries (Belgium, Finland, Germany and Netherlands), where they believe there are stable and robust renewable energy policy frameworks, with a mix of renewable energy technologies (although principally wind and solar). Greencoat benefits from the Renewable Energy Feed in Tariff (REFIT) schemes, which is the Irish government's primary means of subsidising renewable energy schemes. The investment manager has a proven track record in the UK of making acquisitions and delivering strong shareholder returns in the listed renewable infrastructure sector, with Greencoat UK Wind seen as the "blue chip" of the sector. Greencoat Renewables is an opportunity that can provide investors with a high level of income, significant inflation protection (Irish inflation), and a low risk of permanent loss of capital.
The Renewables Infrastructure Group	Other	1.1%	**Actively managed**, UK-listed, closed-ended, Guernsey-incorporated investment company that invests in a portfolio of ***renewable energy sources***, with a particular focus on onshore wind and solar photovoltaic "PV". The fund is diversified across the UK and Northern Europe and is allowed to invest up to 20% in sectors other than onshore wind and solar PV. Currently, the portfolio is invested in 71 projects with 1.5GW of power output capacity. TRIG benefits from attractive government incentive schemes that cannot retrospectively be altered on existing assets. The investment manager has a proven track record in the UK of making acquisitions and delivering strong shareholder returns in the listed renewable infrastructure sector, and is regarded as one of the "blue chips" of the sector. TRIG is an opportunity that can provide investors with a high level of income, good degree of inflation protection, and low risk of permanent loss of capital.
3i Infrastructure Plc	Other	1.0%	**Actively managed,** UK-listed, closed-ended, Jersey-incorporated investment company that invests in a portfolio of equity investments in entities owning ***infrastructure businesses and assets***. Its focus is on economic infrastructure in developed economies, principally in Europe, investing in operational businesses which generate long-term yield and capital growth in the utilities, transportation and energy sectors. The Company also has investments in social infrastructure and is building its exposure to greenfield projects. 3i Infrastructure is an opportunity that can provide investors with a good level of income, degree of inflation protection, and low risk of permanent loss of capital. Cash flows are supported by long-term contracts or stable regulatory frameworks, and revenues are largely linked to inflation.
CASH/LIQUIDITY		**0.8%**	**CASH/LIQUIDITY**
Cash	Cash	0.8%	**Cash & Money Market** investments are held by the fund custodian (Citigroup) and in a high quality money market fund offering daily liquidity and rapid settlement.
		100.0%	

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CORRELATIONS

Fund Correlation Matrix - 30/09/2011 - 30/09/2019		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Fixed Income Funds																	
1	Pimco Global Investment Grade Credit Fund	1.00															
2	Wellington Global Credit Plus Fund	0.93	1.00														
3	Muzinich Short Duration High Yield	0.55	0.38	1.00													
4	Franklin Templeton Global Total Return Fund	0.40	0.13	0.54	1.00												
5	AXA US Short Duration High Yield Fund	0.63	0.42	0.86	0.51	1.00											
6	Vanguard US Government Bond Index Fund	0.11	0.32	-0.37	-0.44	-0.27	1.00										
7	iShares $ Treasury Bond 1-3yr UCITS ETF	0.58	0.71	-0.32	-0.52	-0.15	0.60	1.00									
Equity Funds																	
8	iShares UK Dividend ETF	0.43	0.28	0.64	0.52	0.64	-0.22	-0.43	1.00								
Property Funds																	
9	BMO Commercial Property Trust	-0.03	-0.18	0.29	0.26	0.29	-0.46	-0.47	0.29	1.00							
10	Target Healthcare REIT	0.14	0.16	0.20	-0.20	0.17	0.11	0.27	0.22	0.06	1.00						
Other Funds																	
11	Greencoat UK Wind	0.23	0.18	0.32	0.06	0.21	0.05	-0.23	0.23	-0.02	0.17	1.00					
12	3i Infrastructure	0.16	0.19	0.08	-0.01	0.05	0.11	0.20	0.15	-0.08	0.17	0.18	1.00				
13	John Laing Environmental Assets Group	0.38	0.31	0.36	0.10	0.38	-0.01	0.13	0.46	0.05	0.23	0.30	0.33	1.00			
14	SQN Asset Finance Income Fund*	-0.06	-0.06	0.10	0.02	0.09	0.01	-0.04	0.08	-0.07	0.20	-0.08	0.09	0.26	1.00		
15	GCP Asset Backed Income Fund	0.31	0.23	0.42	0.11	0.43	-0.18	-0.35	0.30	0.10	0.20	-0.05	0.22	0.46	0.43	1.00	
16	The Renewables Infrastructure Group	0.11	0.14	0.25	-0.14	0.24	0.02	0.16	0.18	0.04	0.29	0.24	0.29	0.64	0.29	0.31	1.00

* Based on the ordinary share class

Source: Nedgroup Investments

KEY ATTRIBUTES OF THE NEDGROUP MULTI-MANAGER APPROACH TO INVESTING

- A Global Investment Approach: Investing globally allows us to access a larger opportunity set and to better diversify client portfolios.
- Valuation Driven Decision Making: We believe investment decisions should be primarily motivated by a disciplined assessment of absolute and relative valuations.
- A Long Term Focus: We invest with patience and a focus on the likely long term outcome.
- A Diversified Multi-Asset Class Approach: We invest in a diverse range of asset classes with the aim of delivering portfolio solutions that offer attractive risk-return characteristics.
- A Clear Investment Process: We have a disciplined and structured investment process which seeks to avoid making decisions based on emotion rather than analysis.
- A Pragmatic Manager Selection Approach: We employ a pragmatic approach to manager selection, seeking out the best in areas we believe active managers can add value, and using low cost index trackers where we believe passive investing is a better option.
- Risk Monitoring: Our funds are all risk graded and carefully managed within defined volatility parameters.
- Transparency: We strive to be completely transparent and open in our communications.
- Stewardship: We aim to serve our clients through the adoption of best market practice in all areas of investing, process and governance. We always put clients' interests first.
- An Experienced Team: We have a well-resourced team of investment professionals dedicated to the Nedgroup Investments Multi-Manager product range.

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