

NEDGROUP INVESTMENTS INCOME MULTIFUND - ACCUMULATING

September 2019

Class C



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.

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: £44.8m

CURRENCIES AVAILABLE AND PRICES:

GBP Class C: £12.0623

USD Class C: \$11.7247

Value and prices as at 30 September 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 30 September 2019)²

Class C: 1.15%

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: 4.37%

Based on last four quarterly distributions as a percentage of current share price. Last dividend 30 September 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	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%	n/a	n/a	n/a
YTD	6.2%	6.3%	0.5%	7.5%	7.0%	1.7%
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 *	3.0%	2.0%	0.4%	4.1%	3.0%	1.5%

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

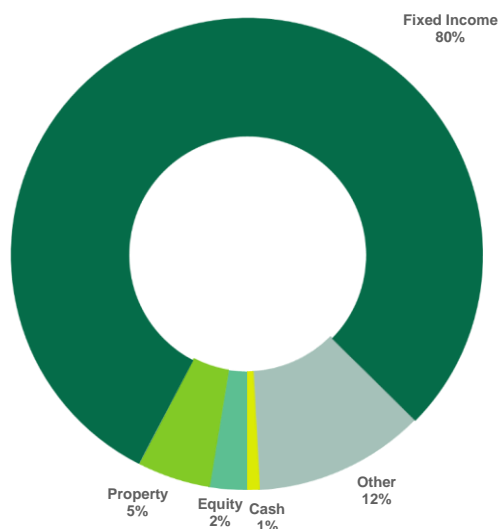
GBP Peer Group is Morningstar Global Bonds – GBP Hedged. USD Peer Group is Morningstar Global Bonds – USD Hedged. * Since inception annualised.

RISK MEASURE

SINCE FUND INCEPTION	FUND GBP	FUND USD
Annualised Volatility	2.5%	2.3%
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 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 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.

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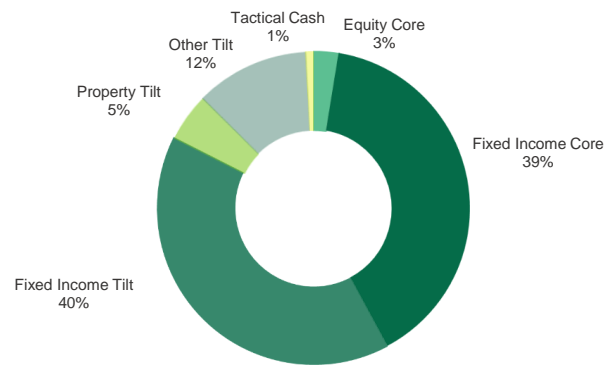


TOTAL PORTFOLIO ANALYSIS

FULL PORTFOLIO LISTING

EQUITY INCOME		2.6%
iShares UK Dividend UCITS ETF	Core	2.6%
EQUITY PROPERTY		5.0%
Target Healthcare REIT	Tilt	2.0%
BMO Commercial Property Trust	Tilt	2.0%
Impact Healthcare REIT	Tilt	1.0%
FIXED INCOME		79.8%
Vanguard US Government Bond Index Fund	Core	19.0%
Muzinich Short Duration High Yield	Tilt	15.1%
AXA US Short Duration High Yield	Tilt	13.6%
PIMCO Global IG Credit	Core	10.5%
Wellington Global Credit Plus	Core	10.1%
Franklin Templeton Global Total Return	Tilt	7.5%
iShares \$ Treasury Bond 1-3YR UCITS ETF	Tilt	4.0%
OTHER		11.8%
John Laing Environmental Assets Group	Tilt	2.5%
Greencoat UK Wind	Tilt	2.0%
SQN Asset Finance Income Fund C Shares	Tilt	2.0%
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		0.8%
Cash	Tilt/Tactical	0.8%
TOTAL		100.0%

CHANGES IN ASSET ALLOCATION BY STRATEGY

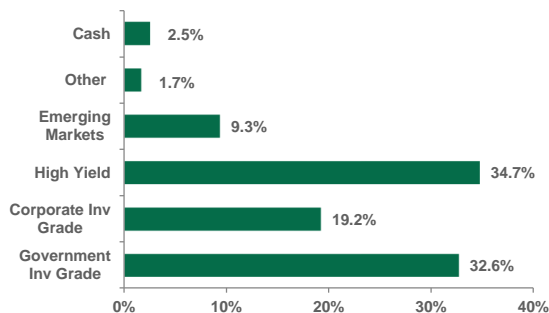


FIXED INCOME COMPONENT ³

CREDIT RATING	
AAA	35.9%
AA	2.2%
A	9.9%
BBB	14.3%
< BBB	37.7%
TOTAL	100.0%

MATURITY	
< 3 year	41.8%
3-5 years	28.7%
5-10 years	19.1%
> 10 years	10.4%
TOTAL	100.0%

SECTOR ALLOCATION



PORTFOLIO YIELD

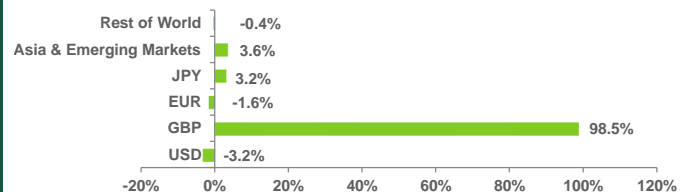
Effective Yield	3.4%
Average Weighted Maturity (in years)	5.6
Average Modified Duration (in years)	4.1

REGIONAL ALLOCATION ³

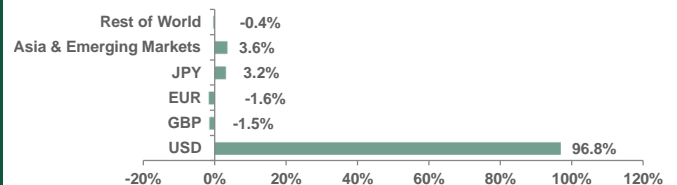
USA	62.8%
UK	22.1%
Europe ex UK	5.6%
Emerging Markets	6.7%
Rest of the World	1.4%
Asia Pacific ex Japan	0.1%
Japan	1.3%
TOTAL	100.0%

CURRENCY EXPOSURE ³

GBP SHARE CLASS



USD SHARE CLASS



³ Source: Underlying managers. Data point 30 August 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

The final month of the third quarter can best be described as a partial reversal of some of the disappointments of August. At the highest level, riskier assets generally performed well, whilst safe havens underperformed. Volatility declined over the month, although not to the very low levels seen in the first half of the year.

During September, there were some signs of thawing in trade tensions between the US and China, with suggestions from both sides that progress was being made ahead of the official resumption of trade talks in early October. In keeping with a slightly better tone, Trump chose to delay the scheduled tariff increases from October 1st to October 15th. In other news, Nancy Pelosi and the Democrats successfully pressed for impeachment proceedings against Trump over his ill-advised phone requests to the Ukrainian President. Elsewhere, the UK House of Commons voted in favour of a law that supposedly takes a “no deal” Brexit off the table should the UK and EU governments fail to strike a deliverable deal ahead of the October 31st cut-off.

Economic data releases continued to point to slowing growth and an increased risk of recession in a number of non-US economies. In particular, manufacturing and trade data remains weak, with many suggesting the root cause to be the US-China trade war. In an attempt to arrest the decline, most major central banks (including the Federal Reserve, the European Central Bank and the People’s Bank of China) eased monetary policies during September.

Developments in the fixed income markets reflected the partial recovery in risk assets. Government bond yields rose, whilst low quality credit beat high grade corporate bonds. Over the month, both the JP Morgan Global Government Bond Index delivered -0.8% whilst the ICE Merrill Lynch Global Corporate Investment Grade Index lost -0.6%. In contrast, riskier junk bonds managed to avoid the red, with the ICE Merrill Lynch Global High Yield Bond Index up +0.4% (all hedged to sterling).

Equities advanced by +1.1% as measured by the MSCI AC World Index in sterling terms. All major markets posted positive gains as they bounced back from their August slump. Helped by a stronger pound, the UK (+3.1%) was the best performer, whilst the US (+0.7%) and Asia ex Japan (+0.6%) brought up the rear. At the sector level, the strongest returns tended to come from cyclicals and interest rate sensitives, such as Financials (+3.7%), Energy (+3.7%) and Industrials (+1.8%). In contrast, defensive and stable earners did less well, as demonstrated by Healthcare (-1.2%), Communication Services (-0.8%) and Consumer Staples (-0.3%).

By recent standards foreign exchange markets were quiet. The pound bounced a little off its lows, some emerging market currencies also recovered lost ground and safe havens tended to decline. Examples of currencies that advanced against the pound included the Turkish lira (+2.2%) and the Mexican peso (+0.5%), whilst fallers included the Swiss franc (-1.9%), the Japanese yen (-2.7%), the euro (-1.9%) and the US dollar (-1.1%).

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

PORTFOLIO COMMENTARY

The Nedgroup Investments Income MultiFund fell by -0.1% during September.

Within fixed income, we saw a sharp fall in government bond prices and a tightening in credit spreads, the exact opposite to August. This meant our tilt towards lower quality short dated corporate bonds via AXA US Short Duration High Yield (+0.2%) and Muzinich Short Duration High Yield (+0.1%) was beneficial for returns. The rise in government bond yields, and the flight away from quality meant that the Vanguard US Government Bond Index Fund (-1.0%) and PIMCO Global Investment Grade (-0.5%) underperformed over the period. Finally, Franklin Templeton (+0.6%) outperformed the most due to its holdings in emerging market local currency bonds which rallied over the month.

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 (+5.4%) added value. However, portfolio exposure to UK commercial property was more mixed. BMO Commercial Property (+9.0%) jumped sharply higher suggesting (as we believed) it had fallen too much despite the continued Brexit uncertainty, whilst the more defensive UK care homes, Target Healthcare (-2.4%) and Impact Healthcare (-0.9%) fell over the period. Infrastructure holdings were also mixed, whilst Greencoat UK Wind (+2.7%) rose strongly, John Laing Environmental Assets (+0.0%), 3i Infrastructure (-1.2%), Greencoat Renewables (-2.1%), The Renewables Infrastructure Group (-2.9%), were either flat or slightly down during September. Finally, the two asset-backed lending exposures were both positive, with SQN Asset Finance Income Fund C-Shares (+2.5%) and GCP Asset Backed Income (+0.5%) rising over the period.

In terms of changes to the portfolio, we decided to make another small reduction in credit risk. This move was to take advantage of the recent tightening in credit spreads, the low absolute level of corporate bond yields, and to recognise we are now in the latter stage of the economic cycle. Our somewhat gradualistic approach to reducing credit risk is because we are also cognisant that the ultra-accommodative monetary policy around the world may well extend the credit cycle even longer. Credit risk was cutback through a reduction in AXA US Short Duration High Yield, Muzinich Short Duration High Yield, Wellington Global Credit Plus, and PIMCO Global Investment Grade Fund. The proceeds were reinvested in the iShares US Treasury Bond 1-3 year ETF.

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.

Nedgroup Investment Advisors (UK) Limited (reg no 2627187) is authorised and regulated by the Financial Conduct 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.

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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

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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Income may fluctuate in accordance with market conditions and taxation arrangements. Changes in exchange rates may have an adverse effect on the value price or income of the product.

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