

# NEDGROUP INVESTMENTS BALANCED MULTIFUND CLASS A

February 2020 Factsheet



## INTERNATIONAL RANGE

### SYNTHETIC RISK REWARD INDICATOR



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

#### PERFORMANCE INDICATOR:

3 month LIBID +1 to +3% over a minimum 3 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 years

#### MARKET VALUE:

USD 233m

#### CURRENCIES AVAILABLE AND PRICES:

**USD Class A:** USD 1.4481

**USD Class B:** USD 13.6559

**GBP Class A:** GBP 11.6289

**GBP Class B:** GBP 13.5148

Value and prices as at 28 February 2020

INCEPTION DATE: 19 August 2011

#### MINIMUM INVESTMENTS:

**Class A:** USD 1,500 / GBP 1,000

**Class B:** USD 250,000 / GBP 150,000

#### FEEES 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 28 February 2020)<sup>2</sup>

USD Class A: 2.23%

GBP Class A: 2.32%

USD Class B: 1.83%

GBP Class B: 1.91%

#### 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:** IE00B3NHHD07 / B3NHHD0

**Class A GBP:** IE00B57XK066 / B57XK06

**Class B GBP:** IE00B41F9717 / B41F971

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#### 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.

The Sub-Fund is actively managed and is not managed in reference to any benchmark. It is managed by reference to a performance target which is to outperform USD LIBID +1% to 3% over a minimum three years.

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 a minimum 3 years. Investing in the fund involves a risk to capital in order to achieve the desired return.

### DISCRETE YEAR PERFORMANCE % CHANGE NET OF FEES <sup>1</sup>

PERIOD	FUND USD	USD PEER GROUP	USD LIBID 3 MONTH		FUND GBP	GBP PEER GROUP	GBP LIBID 3 MONTH	
	%	%	+1%	+3%	%	%	+1%	+3%
2019	13.6%	11.8%	3.2%	5.2%	10.7%	8.9%	1.7%	3.7%
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%

### CUMULATIVE AND ANNUALISED PERFORMANCE % CHANGE NET OF FEES <sup>1</sup>

PERIOD	FUND USD	USD PEER GROUP	USD LIBID 3 MONTH		FUND GBP	GBP PEER GROUP	GBP LIBID 3 MONTH	
	%	%	+1%	+3%	%	%	+1%	+3%
3 Months	-2.0%	-1.0%	0.6%	1.1%	-1.8%	-0.8%	0.4%	0.9%
6 Months	0.9%	1.1%	1.4%	2.4%	-1.3%	-1.1%	0.8%	1.8%
1 Year	3.3%	4.0%	3.0%	5.0%	3.6%	4.2%	1.7%	3.7%
3 Years Ann	3.7%	3.3%	2.9%	4.9%	2.3%	1.8%	1.5%	3.5%
5 Years Ann	2.4%	2.1%	2.3%	4.4%	3.0%	2.7%	1.5%	3.5%
YTD	-3.4%	-2.5%	0.4%	0.7%	-2.3%	-1.3%	0.3%	0.6%
Since inception *	3.4%	3.0%	1.9%	3.9%	3.6%	3.2%	1.5%	3.5%
Lowest 1 yr return	-7.6%				-4.3%			
Highest 1yr return	13.6%				12.8%			

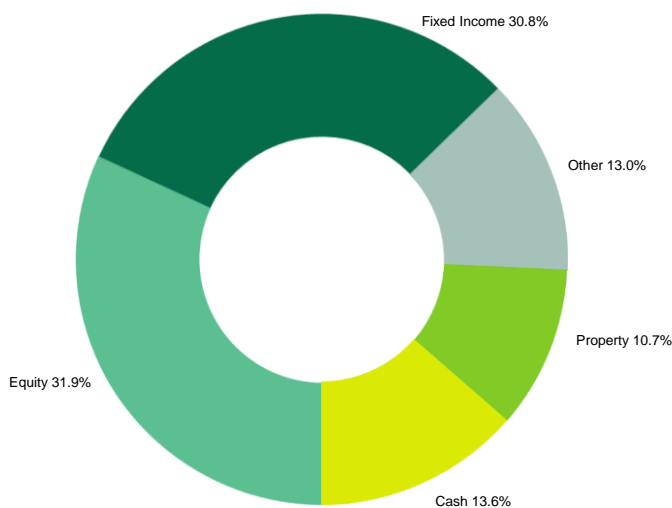
Class A performance net of fees as of 28 February 2020. \* Since inception annualised.

USD peer group is a 50/50 average of the Morningstar Moderate Allocation USD and Morningstar Cautious Allocation USD. The GBP is simulated performance based on the same competitor universe and returns are used as for the USD data, although a 65% hedge to sterling is applied net of fees, as per the fund's GBP share class. Past performance is not a guide to future returns.

### RISK MEASURE <sup>3</sup>

SINCE FUND INCEPTION	FUND USD	FUND GBP
Annualised volatility	6.3%	5.8%
Sharpe ratio (annualised)	0.40	0.54
Lowest monthly return	-5.1%	-4.8%

### PORTFOLIO STRUCTURE <sup>3</sup>



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

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 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.

3) Source: Underlying managers, Nedgroup Investments (IOM) Limited. Data point 28 February 2020

# NEDGROUP INVESTMENTS BALANCED MULTIFUND

February 2020

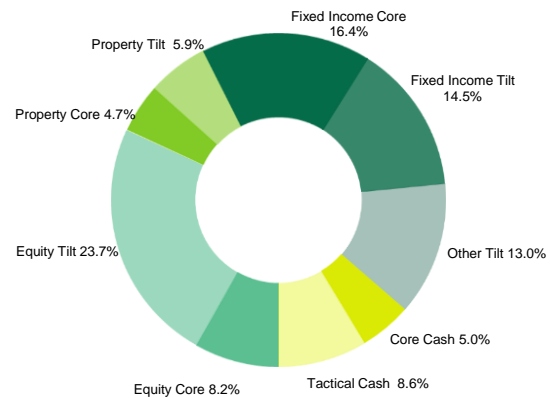


## PORTFOLIO ANALYSIS

### FULL PORTFOLIO LISTING

EQUITY		31.9%
Vanguard Global Stock Index	Core	7.8%
Nedgroup Global Equity Fund	Tilt	5.9%
Dodge & Cox Global Stock Fund	Tilt	5.8%
TT Emerging Markets Equity Fund	Tilt	5.1%
Fundsmith Equity Fund	Tilt	2.8%
Morgan Stanley Global Brands	Tilt	2.7%
Allianz Global Small Cap Equity	Tilt	1.3%
iShares MSCI World	Core	0.5%
PROPERTY		10.7%
Nedgroup Global Property Fund	Core	4.7%
Target Healthcare REIT	Tilt	2.5%
BMO Commercial Property Trust	Tilt	1.9%
Impact Healthcare REIT	Tilt	1.5%
FIXED INCOME		30.8%
Vanguard US Government Bond Index Fund	Core	9.6%
PIMCO Global IG Credit	Core	6.8%
Colchester Local Emerging Markets Debt	Tilt	4.0%
AXA US Short Duration High Yield	Tilt	5.0%
Muzinich Short Duration High Yield	Tilt	3.5%
iShares \$ Treasury Bond 1-3YR UCITS ETF	Tilt	2.1%
OTHER		13.0%
Greencoast UK Wind	Tilt	2.5%
Greencoast Renewables	Tilt	2.0%
The Renewables Infrastructure Group	Tilt	1.8%
GCP Asset Backed Income Fund	Tilt	1.6%
SQN Asset Finance Income Fund C Shares	Tilt	1.6%
3i Infrastructure Plc	Tilt	1.5%
John Laing Environmental Assets Group	Tilt	1.5%
Hipgnosis Songs Ordinary Shares	Tilt	0.5%
CASH		11.7%
BlackRock Institutional USD Liquidity Fund / Cash	Core	5.0%
	Tilt/Tactical	8.6%
<b>TOTAL</b>		<b>100.0%</b>

### CHANGES IN ASSET ALLOCATION BY STRATEGY



## EQUITY COMPONENT <sup>4</sup>

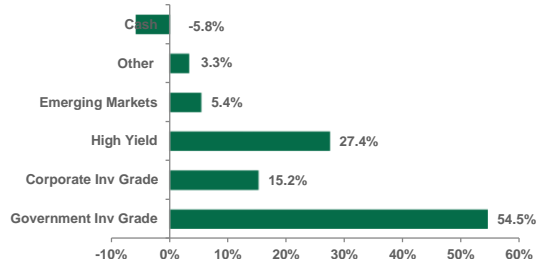
TOP TEN UNDERLYING HOLDINGS	
Microsoft	2.4%
Alphabet	2.3%
Charter Communications	2.0%
Philip Morris	1.7%
Reckitt Benckiser	1.6%
Facebook	1.6%
Unilever	1.3%
Alibaba	1.2%
Samsung	1.2%
UnitedHealth Group	1.0%
<b>TOTAL</b>	<b>16.4%</b>

COUNTRY ALLOCATION	
USA	47.5%
Europe ex-UK	16.2%
UK	8.3%
Emerging Markets	16.8%
Pacific ex-Japan	2.0%
Japan	3.3%
Canada	1.9%
Cash	4.0%
<b>TOTAL</b>	<b>100.0%</b>

SECTOR ALLOCATION	
Health Care	15.4%
Information Technology	15.1%
Financials	14.3%
Industrials	11.1%
Communication Services	10.7%
Consumer Staples	10.6%
Consumer Discretionary	8.0%
Materials	3.8%
Energy	3.0%
Real Estate	2.7%
Utilities	1.1%
Cash	4.0%
<b>TOTAL</b>	<b>100.0%</b>

## FIXED INCOME COMPONENT <sup>4</sup>

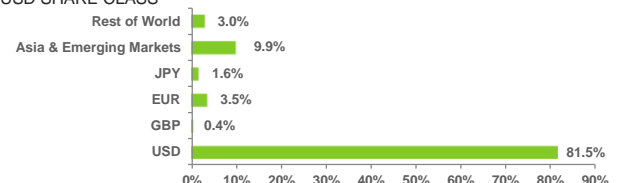
### CATEGORY ALLOCATION



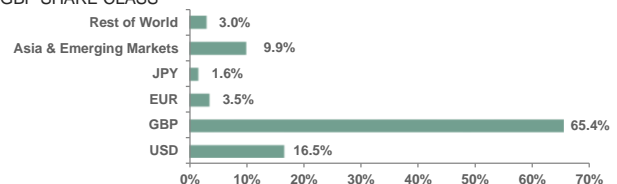
YIELD	
Yield To Maturity	3.4%
Average Weighted Maturity (in years)	6.8
Average Modified Duration (in years)	5.1

## CURRENCY EXPOSURE <sup>4</sup>

### USD SHARE CLASS



### GBP SHARE CLASS <sup>5</sup>



4) Source: Underlying managers, Nedgroup Investments (IOM) Limited. Data point 31 January 2020  
Data point for underlying fund information on a look-through basis is one month in arrears.

5) 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

Up until the last week of February, investment markets had been shaping up quite nicely over the month. Investors were of course monitoring the Coronavirus story, but the prevailing view was that it would be contained and it would not have a material economic impact across advanced economies. However, that assumption was rapidly abandoned when it became clear that significant outbreaks had occurred in Italy, Iran and Korea, and that the virus was now spreading globally. What also became clear was that near term economic growth and corporate profit forecasts would not be met and were likely to see drastic downward revisions. As this dawned on investors over the last few days of the month, risk assets sold off aggressively and safe haven government bonds rose sharply.

Over the month, economic data releases (which are mainly backward looking) were largely either in-line with, or better than, expected. However, towards the end of the month some forward looking data began to deteriorate and a number of corporates warned of worries regarding supply chains and falling demand.

Looking for positives, we also saw a number of policy responses from the authorities. The Federal Reserve grabbed the headlines when it announced a surprise 0.5% cut in the Fed Funds rate, which was followed up by a number of other central banks. It was also apparent that many governments were looking at fiscal initiatives to ease economic pressures, with China, Hong Kong South Korea and Italy all in the vanguard.

Equity returns were very disappointing, with the late month weakness causing the MSCI AC World Index to a decline -8.1% in US dollar terms. Asia ex Japan (-2.9%) and the Emerging Markets (-5.3%) were the most resilient regions, whilst the UK (-11.9%) and Japan (-9.1%) were weaker. Although selling pressure seemed to be fairly indiscriminate, defensives marginally outperformed cyclicals. The most resilient sector was Communications Services (-5.7%) followed by Real Estate (-6.5%), whilst Energy (-13.7%) and Materials (-9.7%) were the weakest. Finally, in terms of style, Growth (-7.0%) held up marginally better than Value (-9.2%), whilst Larger Companies (-8.1%) were a touch better than Smaller Companies (-9.0%).

Increased risk aversion and a reappraisal of the outlook for interest rates saw bond yields move sharply lower. Safe haven government bonds were particularly strong, whilst credit spread widening meant corporate and emerging market bond markets could not keep up with high quality sovereign bonds. Over the month, the JP Morgan Global Government Bond Index managed +1.7%, the ICE Merrill Lynch Global Corporate Investment Grade Bond Index delivered +0.8%, the ICE Merrill Lynch Global High Yield Bond Index lost -1.4%, and the JP Morgan Global Emerging Market Bond Index declined -0.8% (all hedged to US dollars).

The Bloomberg Commodities Index fell -5.0%, mainly driven lower by a sharp downward movement in Crude Oil (-13.6%) which suffered from worries that demand will fall as economies slow. Declines across other commodities tended to be much less marked, with Agriculture down -1.6% and Industrial Metals -2.6%. Perhaps the biggest surprise was the decline of Gold (-1.2%) which normally does well when risk aversion spikes.

Finally, in foreign exchange markets, the Japanese yen and US dollar were strong against most other currencies. Relative to the dollar, the yen rose by +0.4%, whilst the euro fell -0.6% and the pound lost -3.0%. Emerging Market currencies were also under pressure, with the South African rand (-5.1% versus the US dollar), the Mexican peso (-4.7%) and the Brazilian real (-4.8%) amongst the more significant fallers.

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

## PORTFOLIO COMMENTARY

The Nedgroup Investments Balanced MultiFund A class fell by -3.2% during February.

Within equities, the best performing (least negative) fund was TT Emerging Markets Equity (-5.0%), as emerging market stocks outperformed developed markets during the period. Indiscriminate selling especially towards the end of the month, via equity tracker funds, meant there was little to separate between defensive or cyclical sectors in terms of performance. This blanket selling caused even our more defensively positioned equity funds, Morgan Stanley Global Brands (-10.7%) and Fundsmith Equity (-9.9%), to underperform.

Within fixed income, the risk-off environment meant we saw a significant "flight to safety" during the month. As a result our exposure to US government bonds via Vanguard (+2.5%), iShares 1-3yr Treasury Bond (+0.7%), and investment grade credit via PIMCO Global Investment Grade Credit (+0.6%) outperformed our short duration high yield managers - AXA US Short Duration High Yield (-0.4%) and Muzinich Short Duration High Yield (-0.8%) - and our emerging market local currency debt manager, Colchester Local Emerging Markets Debt (-3.9%).

# NEDGROUP INVESTMENTS BALANCED MULTIFUND

February 2020



In other asset classes, Nedgroup Global Property (-8.2%) marginally outperformed, as REITs in general declined less than global equity markets, supported in-part by the sharp decline in interest rate expectations. However, portfolio exposure to UK commercial property was more mixed. Whilst BMO Commercial Property (-11.3%) got caught up with the general risk-off environment, the more defensive UK care homes, Target Healthcare (-2.3%) and Impact Healthcare (-1.3%) provided some downside protection. Infrastructure holdings were also mixed, whilst The Renewables Infrastructure Group (+3.0%) was able to buck the negative trend after releasing positive annual results, the other holdings all fell by varying degrees. 3i Infrastructure (-4.4%), JLEN Environmental Assets (-1.1%), Greencoat UK Wind (-0.1%), and Greencoat Renewables (-0.1%) were all negatively impacted by the somewhat indiscriminate selling in February. The two asset-backed lending exposures, GCP Asset Backed Income (-3.7%) and SQN Asset Finance Income Fund C-Shares (+1.9%) diverged over the period. Finally, even Hipgnosis Songs Fund (-2.7%), our investment in songs and associated musical intellectual property rights was also caught up in the broad market sell-off.

In terms of portfolio activity, we participated in a capital raise by JLEN Environmental Assets. We believe that JLEN will continue to provide investors with a high level of reliable income, a degree of inflation protection, and a low risk of any permanent or material loss of capital. We also decided to top-up our exposure to BMO Commercial Property after recent falls in the share price meant it was trading at a substantial discount to net asset value (NAV), which despite the negative headlines surrounding UK commercial property, we felt this was unjustified from a long-term fundamental basis. Towards the end of the period we trimmed our exposure to 3i Infrastructure Group and Greencoat UK Wind partly as these holdings have done so well (and trade significantly above their respective NAVs), but also in order to generate additional cash to further increase our ability to take advantage of opportunities that may arise from the recent market sell-off.

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.

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

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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