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A photograph of an open book with white pages, tied with a white string bookmark. The book is positioned on the left side of the page, with the pages fanning out towards the right.

## Nedgroup Investments Global Flexible Fund

Quarter One, 2024

**Marketing Communication**

## Nedgroup Investments Global Flexible Fund

The following commentary was produced by the sub-investment manager, First Pacific Advisors, LP ("FPA").

USD performance to 31 March 2024	Nedgroup Investments Global Flexible <sup>1</sup>	MSCI World	S&P 500
3 months	5.5%	8.9%	10.6%
1 year (p.a.)	18.7%	25.1%	29.9%
5 years (p.a.)	8.5%	12.1%	15.0%

Source: Morningstar. **Past performance is no guarantee, nor is it indicative, of future results.**

### Overview

The Nedgroup Investments Global Flexible Fund ("the Fund") gained 5.5% for the quarter and 18.7% for the trailing twelve months. The Fund captured 74.5% of the MSCI World's gain in the trailing twelve months, outperforming its own 65.4% average net risk exposure.<sup>2</sup>

Below you can see the Fund's performance along with various relevant indexes.

### Net Performance versus Illustrative Indices<sup>3</sup>

	Q1 2024	Trailing 12 months
Nedgroup Global Flexible Fund	5.5%	18.7%
MSCI World	8.9%	25.1%
MSCI ACWI	8.2%	23.2%
S&P 500	10.6%	29.9%
60% MSCI ACWI / 40% Bloomberg US Agg	4.6%	14.3%
60% S&P 500 / 40% Bloomberg US Agg	5.9%	18.0%

Source: Morningstar. **Past performance is no guarantee, nor is it indicative, of future results.**

### Portfolio discussion

The Fund's net risk exposure slightly decreased year-over-year and currently stands at 64.3%; however, that's not to say there hasn't been activity during that time. During the quarter, we exited two equity positions in their entirety – AIG and Heidelberg Materials; we also added one new equity position – Kobayashi Pharmaceutical.

The Fund's top five performers contributed 8.2% to its return the previous twelve months, while its bottom five detracted 1.1%.

<sup>1</sup> Reflects the net USD return for the Nedgroup Investments Global Flexible Fund, C class. Source for MSCI and S&P 500 Morningstar

<sup>2</sup> Risk assets are any assets that are not risk free and generally refers to any financial security or instrument, such as equities, commodities, high-yield bonds, and other financial products that are likely to fluctuate in price. Risk exposure refers to the Fund's exposure to risk assets as a percent of total assets. The Fund's net risk exposure as of 31 March 2023 was 66.8%, and as of 31 March 2024 was 64.3%.

<sup>3</sup> Comparison to the indices is for illustrative purposes only. The Fund does not include outperformance of any index or benchmark in its investment objectives. An investor cannot invest directly in an index.

**Past performance is no guarantee, nor is it indicative, of future results.**

## Trailing Twelve-Month Contributors and Detractors as of 31 March 2024<sup>4</sup>

Winners	Performance contribution	Ave. weight	Losers	Performance contribution	Ave. weight
Meta Platforms	2.5%	2.8%	JDE Peet's	-0.3%	1.2%
Alphabet	2.1%	5.1%	Charter Comms	-0.3%	1.5%
Holcim	1.3%	3.1%	Nexon	-0.2%	0.4%
Broadcom	1.2%	1.4%	Groupe Bruxelles Lambert	-0.1%	1.3%
Amazon	1.1%	1.7%	Herbalife	-0.1%	0.2%

Source: FPA. **Past performance is no guarantee, nor is it indicative, of future results.**

We have discussed most of the contributors in the trailing twelve months. However, we have not recently discussed the following investments meaningful to the Fund's trailing twelve-month return.<sup>5</sup>

**JDE Peet's** is the second largest coffee business in the world. Jacobs Douwe Egberts (JDE) combined with Peet's to explore IPO opportunities and ultimately went public in 2020. The company is currently navigating several issues, including the effects of the war on its Russian business, the lingering impact of the pandemic that curtailed out-of-home demand, and having to fight massive inflation in coffee prices. While management has not navigated these challenges as well as we hoped, the controlling shareholder sees it similarly and has ousted the former CEO.<sup>6</sup> While its turnaround remains a work in progress, its stock does appear inexpensive on both a relative and absolute basis at just 12.5x 2024's estimated earnings.

## Closing

The stock market offers less opportunity today than it did at year-end 2022. The price/earnings ratios of the MSCI ACWI and S&P 500 are more than three and four points higher, respectively, than before 2023's market rally. We have taken advantage of the rising tide and reduced or sold some of the Fund's more expensive and lower-quality positions. We have also made a number of new investments that we will likely discuss in future commentaries, which we believe are both less expensive and of higher quality. We believe the portfolio's higher quality assets will serve us well as we move forward.

Respectfully submitted,

FPA Contrarian Value Portfolio Management Team

<sup>4</sup> Reflects the top five contributors and detractors to the Fund's performance based on contribution to return for the trailing twelve months through 31 March 2024. Contribution is presented net of investment management fees, transactions costs, and Fund operating expenses using the fees and expenses of the Fund's Class C shares. The information provided does not reflect all positions purchased, sold or recommended by FPA during the period. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities listed.

<sup>5</sup> The company data and statistics referenced in this section are sourced from company press releases and financial disclosures unless otherwise noted.

<sup>6</sup> Source: Financial Times March 8, 2024: JDE Peet's replaces CEO and chair with ex-M&S boss Luc Vandeveld

**Past performance is no guarantee, nor is it indicative, of future results.**



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Issue Date  
02 May 2024





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Issue Date:  
02 May 2024

