

Contrarian Value Equity Fund



► Temperament. Duration. Alpha.

December 2024 Commentary | ISIN for Class D USD: IE00BF5FMG44

MARKETING COMMUNICATION

Our investment approach

- Contrarian investing is where quality and value meet.
- It starts with the best ideas not the index.
- It requires a patient temperament to generate long-term growth without taking investors off a cliff.

Portfolio Management Team



Brian A. Selmo

24 years in the industry



Mark Landecker

23 years in the industry

What do we mean by temperament and duration? Inside, we share the fund's return drivers, portfolio positioning and put the spotlight on a stock bought/sold.

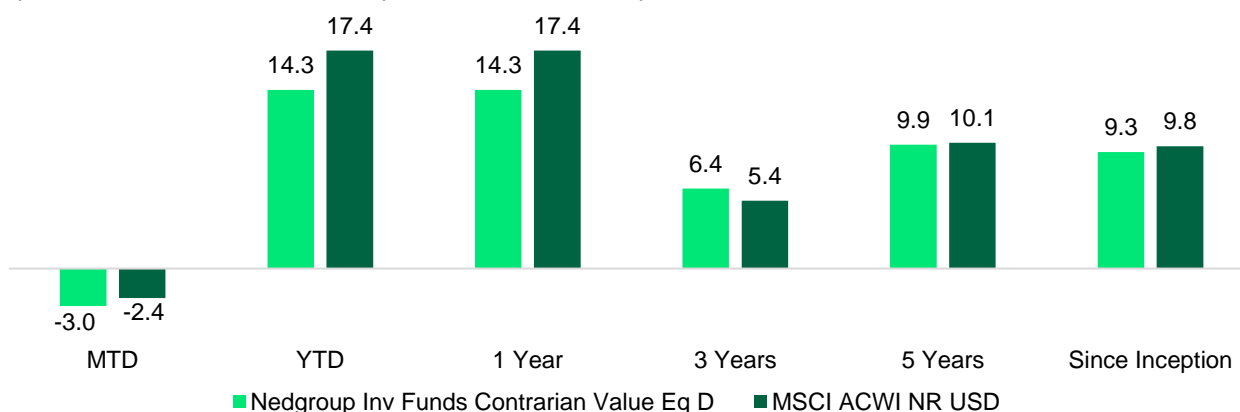
Performance and markets

US stocks ended the year strong, despite a mild sell-off in December as investors booked profits. The Federal Reserve cut interest rates, supporting market sentiment. In Europe, the UK outperformed its peers, bolstered by the passing of the UK budget and expectations of lighter US tariffs on UK goods. Japan's Nikkei 225 surged, supported by a weaker yen. Global bond markets saw a repricing of yields, leading to declines. Overall, 2024 was a strong year for risk assets, dominated by mega-cap technology stocks. The US labour market added nearly 2 million nonfarm jobs, although the unemployment rate increased slightly. Inflation continued its downward trend, and Japan's central bank implemented a further interest rate hike.

Alphabet was a top contributor in December for the Nedgroup Investment Contrarian Value Equity Fund. Other notable contributors for the month were Broadcom, Amazon, Richemont and Nexon.

Fund performance

Past performance is not indicative of future performance and does not predict future returns



Fund returns are in US\$ based on Class D Accumulation. MSCI index returns are with net dividends reinvested. Source: Morningstar, Nedgroup Investments.

Key return drivers

Stock contribution: Month to date

Winners	Contribution (%)	Losers	Contribution (%)
Alphabet	0.80%	Comcast	-0.66%
Broadcom	0.42%	Ferguson Enterprise	-0.48%
Amazon	0.19%	Charter Communications	-0.36%
Compagnie Financière Richemont	0.13%	Holcim	-0.29%
Nexon	0.10%	Aon Plc	-0.28%

Stock contribution: Year to date

Winners	Contribution (%)	Losers	Contribution (%)
Meta Platforms	2.97%	Heineken	-0.95%
Alphabet	2.76%	JDE Peet's	-0.78%
Citigroup	1.67%	Glencore	-0.69%
Wells Fargo & Company	1.48%	Comcast	-0.68%
Holcim	1.44%	LG	-0.49%

Sector contribution	Month to date (%)	Year to date (%)
Communication Services	-0.03%	5.12%
Consumer Discretionary	0.08%	2.57%
Consumer Staples	-0.43%	-1.90%
Energy	-0.07%	0.95%
Financials	-0.58%	3.83%
Health Care	0.04%	-0.21%
Industrials	-1.12%	1.54%
Information Technology	-0.10%	1.93%
Materials	-0.74%	1.00%
Real Estate	0.00%	0.00%

Performance, contribution data and positioning information as of 31 December 2024. Source: FPA, Factset, Nedgroup Investments

Portfolio positioning

Top 10 holdings	Portfolio weight
Alphabet	8.0%
Meta Platforms	6.0%
Citigroup	5.5%
Holcim	5.3%
Analog Device	5.2%
Comcast	4.7%
TE Connectivity	4.4%
Intl Flavors & Fragrances	3.9%
Amazon	3.7%
Aon	3.4%
Total	50.1%

Sector breakdown	Portfolio weight
Communication Services	24.32%
Consumer Discretionary	11.59%
Consumer Staples	5.27%
Energy	1.89%
Financials	11.44%
Health Care	1.58%
Industrials	11.89%
Information Technology	13.56%
Materials	11.92%
Real Estate	0.00%
Total	100.0%

Stock spotlight: Netflix

- Netflix has been a **long-term holding of the Fund**. The company presented a strong investment case based on two main factors: pricing-led revenue growth in the world's largest media market and declining unit costs due to subscriber growth and stable content spending. Despite a decrease in Pay-TV subscribers over the last decade, Netflix managed to increase its revenue significantly, demonstrating its resilience and growth potential. Additionally, Netflix's cost management, particularly in content spending, positioned it well for future profitability. Overall, the combination of strategic pricing, subscriber growth, and effective cost management made Netflix an attractive investment.
- Netflix has been very successful and currently trades at a high multiple** to its current results. While Netflix remains a compelling consumer proposition, and is likely to continue to do well, its future growth relies on more aggressive assumptions about subscriber growth and pricing which now makes it a less conservative investment compared to other digital tech platforms and advertising-driven businesses. As a holding appreciates, the team evaluates the position to judge the relative risk/rewards as compared to other investable opportunities. As a result, **in keeping with the investment philosophy and process of the Fund, we have exited the Netflix position.**

Performance, contribution data and positioning information as of 31 December 2024. Source: FPA, Factset, Nedgroup Investments

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