

# Contrarian Value Equity Fund



► Temperament. Duration. Alpha.

January 2025 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.*

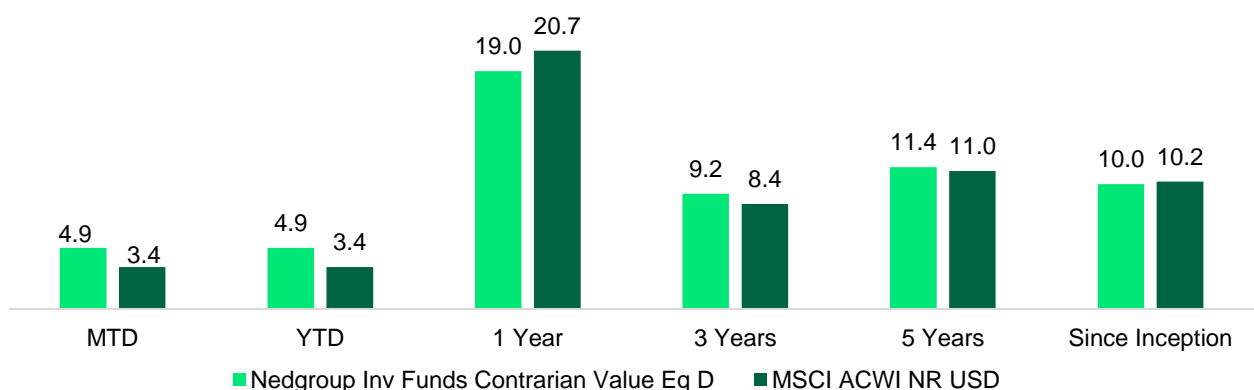
## Performance and markets

Global equity markets started the year on a positive note, with major regions locking in solid gains. Notably, Chinese start-up DeepSeek challenged US leadership in artificial intelligence, causing some volatility in the tech sector. In its first meeting of the year, the Federal Reserve held interest rates steady after three consecutive cuts in 2024. The US labour market showed continued resilience, with the unemployment rate edging down to 4%. US inflation remained somewhat elevated, but the trend continued downward. The UK benefitted from a rotation out of US tech stocks and easing trade tariff concerns. The Bank of Japan implemented a third rate hike, raising the policy rate to 0.5% and the Nikkei 225 surged, supported by a weaker yen and positive economic outlook. Global bond markets experienced volatility, with yields remaining high in the US and UK due to the "higher for longer" stance on interest rates.

Meta was a top contributor in January for the Nedgroup Investments Contrarian Value Equity Fund. Other notable contributors for the month were Citigroup, Alphabet, Richemont and Safran.

### 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 (%)
Meta	1.02%	Comcast	-0.45%
Citigroup	0.86%	Nexon Co.	-0.14%
Alphabet	0.62%	Vail Resorts	-0.11%
Compagnie Financiere Richemont	0.46%	Naspers & Prosus	-0.08%
Safran	0.37%	PG&E Corporation	-0.06%

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Sector contribution	Month to date (%)	Year to date (%)
Communication Services	1.30%	1.30%
Consumer Discretionary	0.73%	0.73%
Consumer Staples	0.09%	0.09%
Energy	0.12%	0.12%
Financials	1.34%	1.34%
Health Care	0.01%	0.01%
Industrials	0.94%	0.94%
Information Technology	0.12%	0.12%
Materials	0.32%	0.32%
Real Estate	0.00%	0.00%

Performance, contribution data and positioning information as of reporting month end. Source: FPA, Factset, Nedgroup Investments

## Portfolio positioning

Top 10 holdings	Portfolio weight
Alphabet	8.2%
Meta Platforms	6.4%
Citigroup	5.7%
Holcim	5.4%
Analog Device	5.1%
TE Connectivity	4.4%
Comcast	4.1%
Intl Flavors & Fragrances	3.9%
Amazon	3.8%
Aon	3.4%
<b>Total</b>	<b>50.3%</b>

Sector breakdown	Portfolio weight
Communication Services	24.14%
Consumer Discretionary	12.69%
Consumer Staples	6.04%
Energy	2.46%
Financials	11.89%
Health Care	2.49%
Industrials	10.88%
Information Technology	12.49%
Materials	11.13%
Real Estate	0.00%
<b>Total</b>	<b>94.2%</b>

## Stock spotlight: NXP Semiconductors

Despite the current cyclical downturn in the semiconductor industry, there remains strong long-term demand for analogue semiconductors, driven by trends like industrial automation and automotive advancements. While the timing of the industry's recovery is uncertain, recoveries tend to be swift when they occur. We focus on the intrinsic value of businesses over the next three to five years, rather than short-term performance and NXP is considered well-positioned for long-term growth due to their strong market positions and exposure to growth trends.

- NXP has a **significant presence in the automotive market**, particularly in areas such as driver assistance systems and battery management for electric vehicles.
- Additionally, NXP holds a **strong position in industrial and IoT markets** and leads in mobile payment technologies, including chips used for contactless payments.
- Despite current challenges, NXP maintains a **healthy profit margin** and **returns** a significant portion of **its cash to investors** through **buybacks and dividends**.

Looking ahead, NXP is expected to grow at a mid-single-digit rate, with potential for margin improvement due to investments in their own fabrication facilities, positioning them well for long-term growth despite short-term uncertainties. This position was 1.81% of the portfolio as at month-end.

*Performance, contribution data and positioning information as of reporting month end. Source: FPA, Factset, Nedgroup Investments*

## Contact us

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