

# Contrarian Value Equity Fund



► Temperament. Duration. Alpha.

November 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



**Steve Romick**

39 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.*

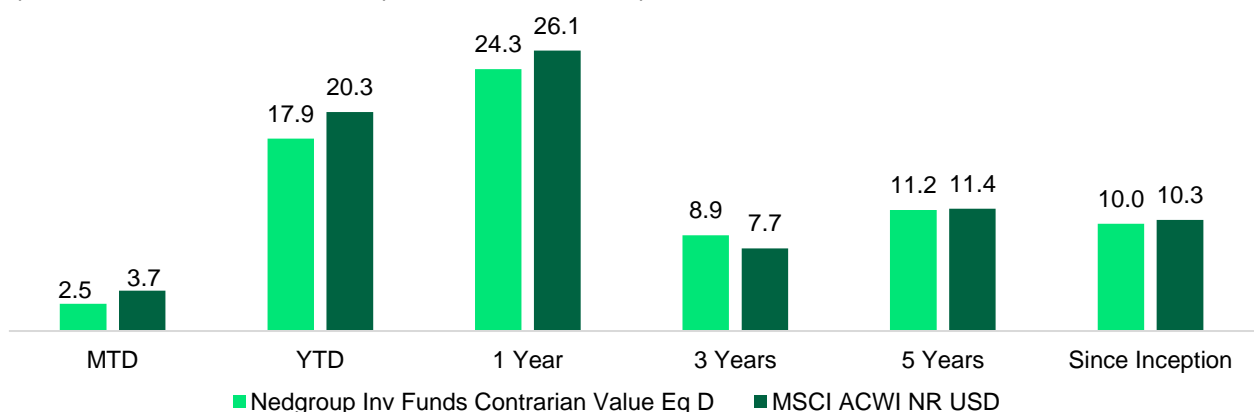
## Performance and markets

US stocks rebounded strongly, driven by positive reactions to the US election results, with the S&P 500 and Russell 2000 both posting significant gains. Despite this, fourth-quarter guidance remained cautious due to anticipated economic slowdowns. UK and European equity markets also saw gains, though more modest, with the UK outperforming its European peers thanks to the passing of the UK budget and expectations of lighter US tariffs on UK goods. Global bond markets experienced some recovery, with a particularly strong rally in the US. The promise of lower taxes and deregulation under the incoming US administration helped strengthen the dollar and push Treasury yields higher.

Wells Fargo was a top contributor in November for the Nedgroup Investment Contrarian Value Equity Fund. Other notable contributors for the month were Citigroup, Charter Communications, Amazon and Kinder Morgan.

## 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 (%)
Wells Fargo & Company	0.69%	International Flavors & Fragrances	-0.36%
Citigroup	0.54%	Heineken	-0.26%
Charter Communications	0.48%	JDE Peet's	-0.23%
Amazon.com	0.39%	Nexon Co.	-0.17%
Kinder Morgan	0.32%	Glencore	-0.17%

### Stock contribution: Year to date

Winners	Contribution (%)	Losers	Contribution (%)
Meta Platforms	2.97%	Heineken	-0.82%
Alphabet	2.02%	JDE Peet's	-0.53%
Wells Fargo & Company	1.80%	Glencore	-0.53%
Holcim	1.79%	LG	-0.38%
Citigroup	1.75%	Icon	-0.26%

Sector contribution	Month to date (%)	Year to date (%)
Communication Services	0.39%	5.31%
Consumer Discretionary	0.84%	2.56%
Consumer Staples	-0.59%	-1.51%
Energy	0.32%	1.05%
Financials	1.47%	4.54%
Health Care	-0.01%	-0.26%
Industrials	0.58%	2.75%
Information Technology	-0.07%	2.10%
Materials	-0.35%	1.80%
Real Estate	0.00%	0.00%

Performance, contribution data and positioning information as of 30 November 2024. Source: FPA, Factset, Nedgroup Investments

## Portfolio positioning

Top 10 holdings	Portfolio weight
Alphabet	7.0%
Meta Platforms	5.6%
Citigroup	5.3%
Holcim	5.2%
Comcast	5.2%
Analog Device	5.1%
TE Connectivity	4.5%
Intl Flavors & Fragrances	4.0%
Amazon.Com	3.6%
Wells Fargo & Co	3.6%
<b>Total</b>	<b>49.2%</b>

Sector breakdown	Portfolio weight
Communication Services	24.33%
Consumer Discretionary	11.39%
Consumer Staples	5.18%
Energy	1.81%
Financials	11.51%
Health Care	1.46%
Industrials	11.97%
Information Technology	13.64%
Materials	11.98%
Real Estate	0.00%
<b>Total</b>	<b>100.0%</b>

## Stock spotlight: National Oilwell Varco

- We recently initiated a position in National Oilwell Varco (NOV), a leading provider of equipment and technology for the oil and gas industry, with a strong presence in both onshore and offshore markets. The company is renowned for its high-quality products and innovative solutions that enhance the efficiency and productivity of drilling operations.
- **Valuation:** Trading at a 25-30% premium to tangible book value, NOV's valuation is supported by high-quality receivables and a lean infrastructure. With a current valuation of less than 10 times this year's cash generation, NOV offers attractive earnings potential, even in a mid-cycle phase of the oil market.
- **Long-term:** The company benefits from consistent demand for replacement and repair parts, ensuring a stable revenue base. NOV is well-positioned to capitalize on capital spending cycles, including the construction of new rigs and the revitalization of existing ones. The company's robust financials and strategic diversification make it a valuable addition to our investment portfolio.

Performance, contribution data and positioning information as of 30 November 2024. Source: FPA, Factset, Nedgroup Investments

## Contact us

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