

# Contrarian Value Equity Fund



► Temperament. Duration. Alpha.

October 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

October saw a continuation of strong earnings across global equities, buoyed further by renewed announcements of AI-related capital expenditure. Markets responded positively, with the MSCI ACWI returning 2.2% in US\$ terms, laying the ground for selective profit-taking. However, stocks which delivered disappointing earnings were punished. The Nedgroup Investments Contrarian Value Equity Fund delivered 1.3%. Communication Services detracted from performance, while Industrials and Materials contributed positively.

Within Communication Services, holdings in Charter Communications and Comcast were impacted by ongoing investor scepticism around their growth strategies. Both companies continue to face broadband and video subscriber attrition, alongside intensifying competition from fibre and fixed wireless providers. Our initial investment was made during a period of heightened market concern around cord-cutting and 5G disruption, which we viewed as an opportunity to acquire fundamentally mispriced businesses. While video continues to decline, broadband remains a resilient and essential utility. We maintain conviction in both names, supported by their strategic positioning and potential to deliver mid- to high-single digit revenue growth and stronger free cash flow per share. As always, we reassess downside risks relative to base and high-case scenarios, consistent with our philosophy of investing in undervalued businesses with resilient fundamentals and misunderstood long-term potential.

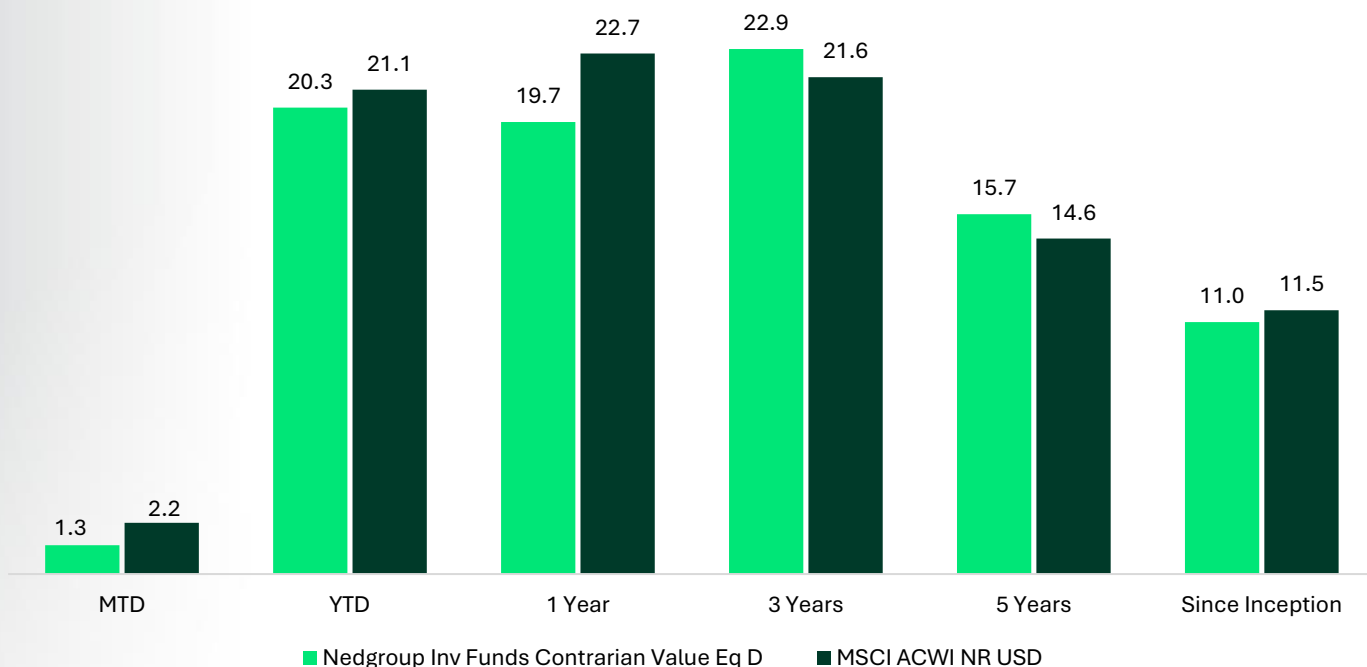
Elsewhere, the easing of US-China trade tensions provided a tailwind for Korea's export-oriented equity market. Our Korean industrial holdings, Samsung C&T and LG Corp, benefited from this environment, with both companies delivering earnings ahead of expectations.

In Materials, our recent addition Amrize Ltd, a spin-off from Holcim's North American operations, reported strong results across its core business segments and gained investor support for its M&A-led growth strategy.

We continued trimming several long-standing technology related holdings, including Alphabet, Meta, TE Connectivity, Analog Devices, and NXP Semiconductors, where valuations had become extended. Conversely, we increased our positions in IFF, Fortune Brands, and Becton Dickinson, reflecting our contrarian philosophy: seeking resilient businesses where market sentiment has yet to catch up with fundamentals.

## Fund performance

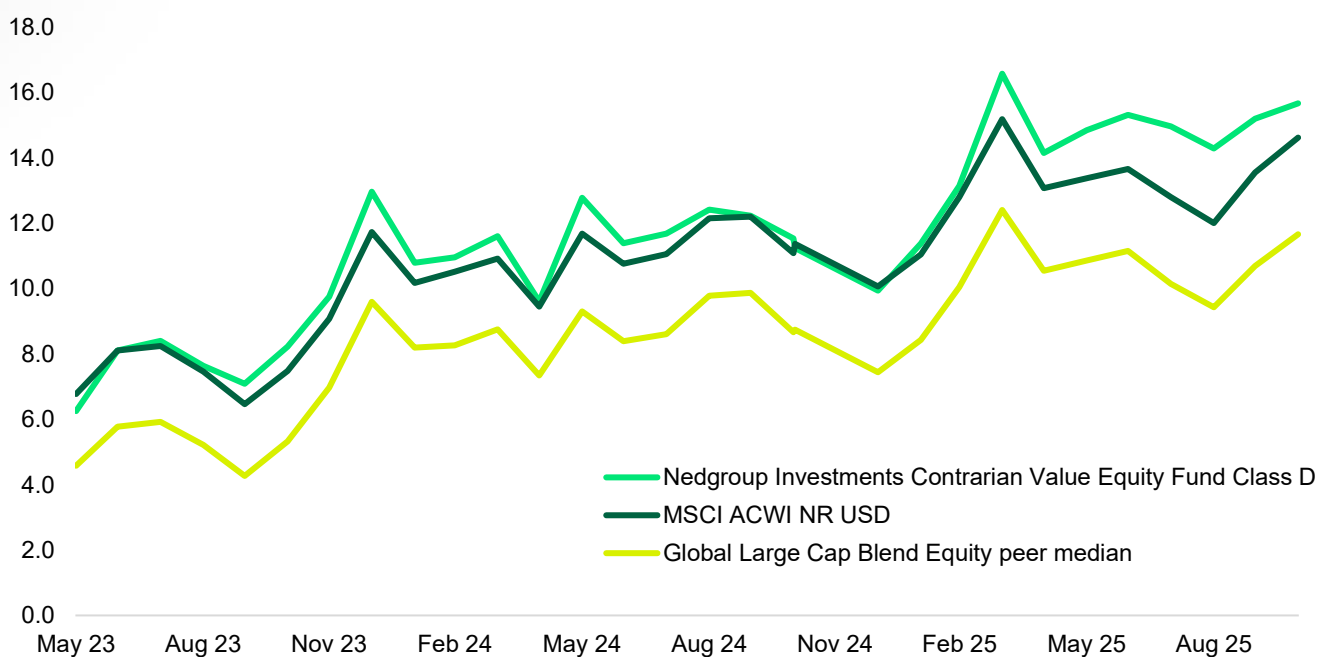
Past performance is not indicative of future performance and does not predict future returns



Inception date 01/06/2018 Source: Morningstar, data to 31 October 2025.

## Rolling 5-year returns (% , US\$)

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Source: Morningstar, data to 31 October 2025.

The share classes being offered in Germany are newly launched and do not have their own historical performance data. The performance information presented in this marketing material relates to the nearest comparable share class and is provided solely for indicative purposes. Differences in fees, and other factors may affect future performance. Investors should not rely solely on this information when making investment decisions. 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	1.04%	Meta Platforms	-0.54%
TE Connectivity	0.48%	Comcast Corporation	-0.41%
Amazon.com	0.34%	Charter Communications	-0.28%
Samsung C&T	0.32%	Analog Devices,	-0.20%
Ferguson Enterprises	0.21%	NXP Semiconductors	-0.13%

### Stock contribution: Year to date

Winners	Contribution (%)	Losers	Contribution (%)
TE Connectivity	2.73%	CarMax	-1.20%
Alphabet	2.48%	Comcast Corporation	-1.19%
JDE Peet's	2.28%	Intl Flavors & Fragrances	-1.03%
Citigroup	2.18%	Charter Communications	-0.69%
Safran	1.77%	Vail Resorts	-0.26%

Sector contribution	Month to date (%)	Year to date (%)
Communication Services	-0.24%	3.19%
Consumer Discretionary	0.25%	0.87%
Consumer Staples	-0.07%	2.78%
Energy	0.02%	0.23%
Financials	-0.08%	2.64%
Health Care	0.16%	1.07%
Industrials	0.59%	5.28%
Information Technology	0.19%	3.53%
Materials	0.30%	1.67%
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	Sector breakdown	Portfolio weight
Alphabet	7.6%	Communication Services	18.02%
TE Connectivity	4.3%	Consumer Discretionary	12.05%
Analog Devices	4.1%	Consumer Staples	8.97%
Citigroup	4.0%	Energy	2.35%
Meta Platforms	4.0%	Financials	7.75%
JDE Peet's	3.7%	Health Care	10.37%
Heineken Holding	3.5%	Industrials	13.26%
Amazon.com	3.4%	Information Technology	10.25%
Comcast	3.4%	Materials	10.37%
Intl Flavors & Fragrances	3.3%	Real Estate	0.00%
<b>Total</b>	<b>41.2%</b>	<b>Total</b>	<b>93.4%</b>

## Stock spotlight: International Flavors & Fragrances

International Flavors & Fragrances (IFF) is a global leader in specialty ingredients for food, beverage, personal care, health, and household products. Its reach is extraordinary - enzymes in half of cold-water laundry detergents, cultures in one-third of yogurts, and brewing solutions in one-fifth of the global beer market. This is a business embedded in everyday life, with a moat built on innovation and scale.

- **Current Challenges:** IFF's previous management pursued aggressive acquisitions and failed to integrate its diverse global operations effectively. This shifted the company from a high-margin, low-leverage business to one with compressed margins and elevated debt levels. Investor confidence has been shaken, leading to a cautious market stance.
- **Strategic Turnaround:** Under new leadership, IFF is refocusing on operational excellence and a streamlined product portfolio. The company has divested non-core assets and is expected to continue doing so, reducing leverage and improving profitability. This disciplined approach aims to restore margins and unlock shareholder value.
- **Financial Outlook:** IFF currently generates approximately \$4 per share in free cash flow, but management's turnaround plan could lift this to \$5 - \$6 per share over the next few years. At the current price, the stock offers an attractive entry point with limited downside. If the company executes on margin recovery and deleveraging, we see a clear path for cash flow growth and P/E multiple expansion, which together could support a potential doubling of the share price over the medium term.
- **Investment Thesis:** With limited downside at current levels and a credible path to margin recovery and deleveraging, IFF offers an attractive turnaround story. Execution risk remains, but successful delivery could significantly re-rate the stock. Coupled with a clear turnaround plan and strong underlying demand for its products, the risk/reward skews attractively in favour of patient investors.

This position was 3.3% 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

**Email:** [Clientsolutions@nedgroupinvestments.com](mailto:Clientsolutions@nedgroupinvestments.com)

**London:** 7th Floor, 12 Arthur Street, EC4R 9AB, +44 (0) 7960 901396

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This is a marketing communication. Please refer to the prospectus, the key investor information documents (the **KIIDs/PRIIPS KIDS**) and the financial statements of Nedgroup Investments Funds plc (the **Fund**) before making any final investment decisions.

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The sub-funds of the Fund (the **Sub-Funds**) are generally medium to long-term investments and the Investment Manager does not guarantee the performance of an investor's investment and even if forecasts about the expected future performance are included the investor will carry the investment and market risk, which includes the possibility of losing capital.

The price of shares may go down or up depending on fluctuations in financial markets outside of the control of the Investment Manager meaning an investor may not get back the amount invested.

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

Risks and fees are outlined in the relevant Sub-Fund supplement.

Prices are published on the Investment Manager's website.

**Distribution:** The prospectus, the supplements, the KIIDs/PRIIPS KIDS, constitution, country specific appendix as well as the annual and semi-annual reports may be obtained free of charge in English for the prospectus and in English together with the relevant local languages for the KIIDs/KIDS from the country representative, the Investment Manager, or at [www.nedgroupinvestments.com](http://www.nedgroupinvestments.com). The Investment Manager may decide to terminate the arrangements made for the marketing of its collective investment undertakings in accordance with Art 93a of Directive 2009/65/EC and Art 32a of Directive 2011/61/EU.

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**Germany:** The Fund's Facilities agent in Germany is Acolin Europe AG, with the registered office at Line-Eid-Strasse 6, 78467 Konstanz. The Prospectus (in English) and the PRIIPS KID (in German), may be obtained free of charge at the registered office of the Facilities agent, or electronically by Email via [facilityagent@acolin.com](mailto:facilityagent@acolin.com), or by using the contact form at <https://acolin.com/services/facilities-agency-services>.

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