Global Flexible Fund

▶ Contrarian. Flexible. Patient.

NEDGROUP INVESTMENTS

April 2025 update | ISIN for Class C USD:IE00BKXGFM15

MARKETING COMMUNICATION

MONTHLY PORTFOLIO UPDATE

Our investment approach

- We target equity-like returns with less risk than the market over a full market cycle.
- Portfolio construction is driven by bottom-up fundamental research and valuations, agnostic of market indices.
- We patiently seek undervalued, out-of-favour opportunities across asset class and capital structure.
- We hold cash when prudent to protect against downside risks.

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

In this monthly note, we share the Fund's return drivers over recent periods, current portfolio positioning and put the spotlight on a stock bought/sold.

Performance and markets

As tariffs took centre stage over April 2025, the Nedgroup Investments Global Flexible Fund delivered -0.5% against a backdrop of 0.9% in global equities (MSCI World) and 1.0% in global bond returns (Bloomberg Global Agg US$ hedged) in US$ terms. This masked significant volatility over the month.

During the peak of tariffs announcements, equity markets reached a low of 16%. In this period, the Global Flexible Fund fell by 8.6%, helped by its significant cash position. However, the Fund's equity holdings in cyclical sectors like financials, consumer discretionary and energy hurt returns during April.

Financials were dragged down by Jefferies and AON – stocks which faced broader market concerns rather than weakening fundamentals; Jefferies, whose core business is investment banking versus its more diversified peers, and has been held in the strategy for a decade, fell due to disappointing Q1 2025 earnings and increased pressure on its capital markets activity amid ongoing macro uncertainty. The position was trimmed earlier in the year, but the stock continues to be held given its ability to generate revenue under weaker markets, and management's owner operator mindset and track record in returning capital to investors through buybacks and dividends. AON's recent acquisition and Q1 earnings weighed on the share price, however revenue continues to grow double digit illustrating increased short-term market volatility. As long-term fundamental investors, our ability to view these investments in terms of three to five year time horizons rather than over quarterly earnings cycles, is what creates opportunities to capture equity-like growth.

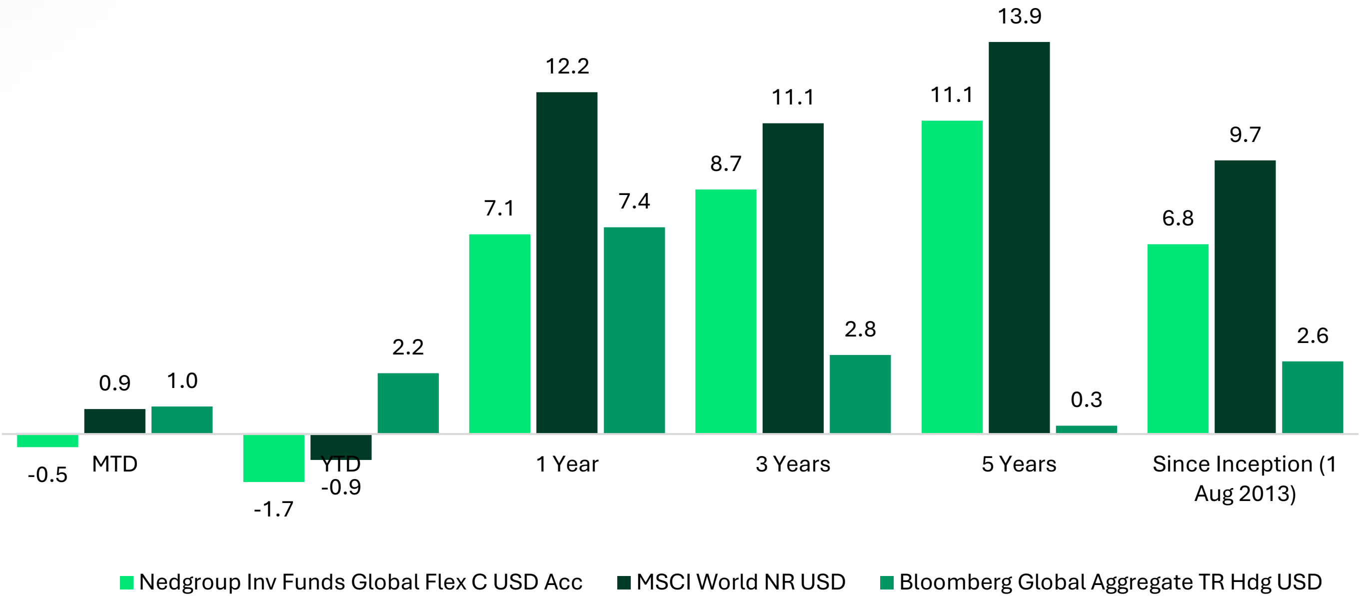
Within Consumer Discretionary, tariff volatility impacted used car retailer CarMax's share price. CarMax holds a dominant position in the US with stable margins due to inventory discipline and operational performance. Its competitive advantage is its omni-channel approach; allowing customers to buy cars online, in person or both. Over the long-term, the business stands to benefit from increased demand for affordable used cars, supply shortages in new cars and a fragmented used car industry. In the near-term, the combination of tariff uncertainty and an economic slowdown raises questions about earnings visibility over the next 12 months. Price weakness in Vail Resorts, the Disney of ski resorts, spread across the US, Canada, Australia and Switzerland, gave us an opportunity to increase our position. In recent months we have met with management, building conviction in the team's ability to drive growth and margins, even under challenging conditions. The stock is also supported by long-standing investors, helping to keep the focus on long-term value creation.

In energy, a sharp decline in oil prices and tariffs adversely affected NOV, a recent addition to the portfolio. As a leading oilfield equipment and services provider, NOV is less sensitive to the cyclicality of oil prices unlike the oil producers. While the industry faces cyclical headwinds, NOV's backlog of offshore and international orders, where cycles are longer and more stable, and diversification across segments like rig technologies, and drilling and production tools and services, contributes to a more durable earnings growth profile. These resilient characteristics illustrate the types of businesses we like to own in this portfolio to achieve equity-like returns with less risk over market cycles.

The top contributor was Nintendo given robust demand for its eagerly awaited Switch 2. In response to US tariffs, Nintendo shifted a portion of its production to Vietnam and stockpiled consoles in the US to avoid immediate price hikes to Switch 2 and minimise disruption to availability. European Staples like Heineken and JDE Peets were also additive but not quite enough to offset the above. These beverage companies have a strong foothold in premiumisation globally (including emerging markets) which helps protect margins as we enter challenging market conditions. We topped these up earlier in the year, with Heineken now featuring in the top ten holdings.

Fund performance

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



Fund returns are in US$ based on Class C since 1 August 2013. MSCI index returns are with net dividends reinvested. Source: Morningstar, Nedgroup Investments.

Key return drivers

Month to date

Contributors		Detractors	
Nintendo	0.23%	Aon Plc	-0.22%
Heineken	0.19%	CarMax	-0.20%
Eurofins Scientific SE	0.17%	Comcast	-0.17%
JDE Peet's	0.13%	Jefferies Financial Group	-0.16%
Alphabet	0.13%	Meta Platforms	-0.13%

Year to date

Contributors		Detractors	
Heineken	0.50%	Alphabet	-0.74%
Holcim	0.41%	Jefferies Financial Group	-0.66%
JDE Peet's	0.40%	Amazon.com	-0.28%
Nintendo	0.38%	Glencore	-0.25%
Safran	0.27%	CarMax	-0.25%

Sector contribution	Month to date	Year to date
Equities	-0.17%	-1.10%
Communication Services	0.19%	-0.48%
Consumer Discretionary	-0.31%	-0.53%
Consumer Staples	0.41%	0.97%
Energy	-0.19%	-0.08%
Financials	-0.48%	-0.72%
Health Care	0.09%	-0.05%
Industrials	0.20%	0.46%
Information Technology	-0.01%	-0.46%
Materials	0.04%	0.05%
Real Estate	-0.11%	-0.26%
Fixed Income	0.20%	0.66%

Contribution data as of reporting month end. Source: FPA, Factset.

Portfolio positioning

Portfolio structure	Portfolio weight
Fixed income	**2.29%**
Corporate Bonds	0.49%
Convertible Bonds	1.68%
Asset Backed Bonds	0.11%
Equities	**55.35%**
Communication Services	12.31%
Consumer Discretionary	6.29%
Consumer Staples	4.89%
Energy	1.88%
Financials	7.95%
Health Care	2.17%
Industrials	6.64%
Information Technology	6.44%
Materials	5.69%
Real Estate	0.98%
Utilities	0.11%
Cash & equivalents*	**42.36%**
Total	**100%**

** Includes money market securities.*

Regional breakdown	Equity weight	Fixed income weight
North America	32.33%	0.79%
Europe ex UK	18.59%	1.50%
Asia ex. Japan	0.17%	0.00%
Japan	2.41%	0.00%
Emerging Markets	1.84%	0.00%
Total	**55.35%**	**2.29%**

Top 5 equity holdings		Portfolio weight
Alphabet	Communication Services	4.21%
Holcim	Materials	2.70%
Meta	Communication Services	2.65%
Analog Devices	Information Technology	2.58%
TE Connectivity	Information Technology	2.45%
Citigroup	Financials	4.21%

Stock spotlight: Icon

Icon is the world's second-largest Contract Research Organization (CRO), providing outsourced clinical trial services to pharmaceutical and biotech companies. With a highly diversified business model and a client base that includes 19 of the 20 largest global pharmaceutical companies, Icon is strategically positioned to benefit from the continued demand for outsourced clinical research services.

- **Strong Market Position:** The top 3 CROs control half the market, giving Icon scale and pricing power.
- **Diversified & Sticky Client Base:** Icon's deep relationships with major pharmaceutical companies create recurring revenue and high switching costs.
- **Essential Services:** Clinical trials are critical for drug approval and reimbursement, leaving demand resilient, even if regulations ease.
- **AI-Driven Efficiency**: Icon is investing in proprietary AI tools to boost productivity and reduce costs.

Icon faces short-term headwinds from reduced biotech funding and cost pressures in large pharma, which have slowed clinical trial activity. Medium-term risks include potential impacts from reimbursement reforms like the Inflation Reduction Act. Over the long term, AI-driven insourcing by pharma could pose a threat, though this remains speculative.

Despite these headwinds, the long-term outlook remains positive. The ongoing need for drug innovation and the inevitability of patent expirations ensure sustained demand for clinical trials. Icon's scale, strong client relationships, and continued investment in technology position it well for long-term, sustainable growth.

This position was 0.61% of the portfolio as at month-end.

Positioning information as of reporting month end. Some differences may exist due to rounding. Source: FPA, Nedgroup Investments.

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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.

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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, or by using the contact form at https://acolin.com/services/facilities-agency-services.

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