Global Flexible Fund

▶ Contrarian. Flexible. Patient.

NEDGROUP INVESTMENTS

May 2025 update | ISIN for Class C USD:IE00BKXGFM15

MARKETING COMMUNICATION

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

Markets extended their recovery in May, buoyed by the delay in tariff implementations and a broadly positive earnings season. The Nedgroup Investments Global Flexible Fund participated meaningfully in the rebound, delivering a return of 4.9% versus 5.9% for global equities (MSCI World) and -0.3% in global bond returns (Bloomberg Global Agg US$ hedged) in US$ terms in US dollar terms. Gains were driven by holdings in communication services, financials, industrials and IT, while healthcare modestly detracted.

In communication services, long-standing positions in Meta and Alphabet—held for their durable competitive advantages and fundamentals—rallied strongly. Investor concerns around tariff-related ad-spend cuts and AI monetisation pressures eased, while robust Q1 earnings and constructive guidance restored sentiment. Meta, the top contributor, unveiled plans to monetise WhatsApp through ads and promoted channels, reinforcing its long-term monetisation potential. Alphabet showcased progress in diversifying beyond search, with strong cloud revenue and advancements in AI technologies such as Gemini 2.5 and AI Overviews. While both stocks benefitted from short-term momentum, our focus remains on long-term fundamentals. In line with our valuation discipline, we trimmed Alphabet on strength, reallocating to opportunities elsewhere in the portfolio. We also reduced exposure to Nintendo and Nexon, two Japanese gaming names that have appreciated significantly.

MONTHLY PORTFOLIO UPDATE

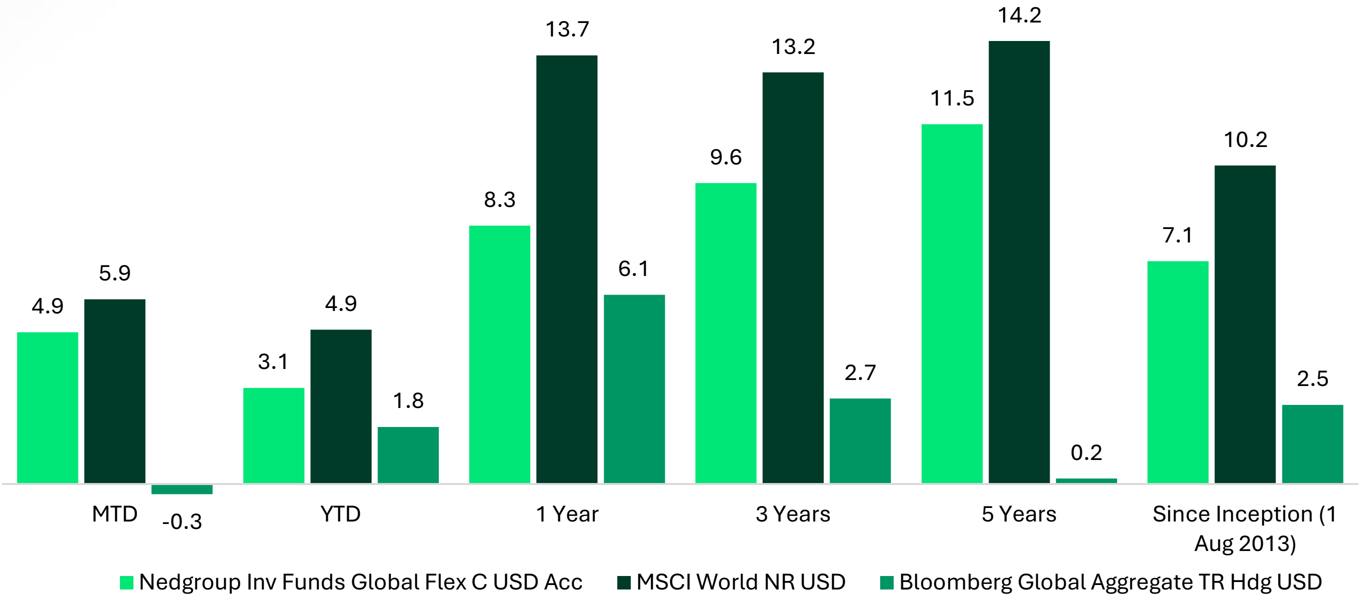
Industrials were another area of strength. Safran and Howmet Aerospace delivered solid Q1 results, supported by share buyback announcements and credit rating upgrades—reflecting balance sheet resilience and robust cash generation. Howmet also benefitted from increased demand tied to Boeing's commercial aircraft production. Meanwhile, Samsung C&T, a diversified South Korean conglomerate, advanced as it made progress on its long-standing merger with Cheil Industries.

In financials, Citi and LPL Financial Holdings rose on recent results. Within consumer discretionary, Vail Resorts—a recent addition—rallied on news of the return of its former long-time CEO, a move welcomed by the market. IT stocks, Analog Devices and TE Connectivity also performed well, supported by improving sentiment around the analogue semiconductor cycle and industrial capital expenditure, respectively.

Healthcare was a modest detractor. Near-term industry headwinds and cost restructuring weighed on ICON and Bio Labs. However, we viewed the weakness as an opportunity to build positions in high-quality businesses trading below intrinsic value, consistent with our long-term, valuation-driven approach.

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	
Meta Platforms	0.5%	ICON	-0.1%
Alphabet	0.3%	Intl Flavors & Fragrances Inc.	0.0%
Citigroup	0.3%	EchoStar Corporation	0.0%
Analog Devices	0.3%	Bio-Rad Laboratories	0.0%
LPL Financial Holdings	0.3%	Pernod Ricard	0.0%

Year to date

Contributors		Detractors	
JDE Peet's	0.6%	Jefferies Financial Group	-0.6%
Holcim	0.5%	Alphabet	-0.4%
Heineken Holding	0.5%	ICON	-0.3%
Safran	0.5%	CarMax,	-0.3%
Nintendo	0.4%	Intl Flavors & Fragrances Inc.	-0.2%

Sector contribution	Month to date	Year to date
Equities	***3.9%***	***2.8%***
Communication Services	0.9%	0.4%
Consumer Discretionary	0.6%	0.0%
Consumer Staples	0.1%	1.1%
Energy	0.1%	0.0%
Financials	0.7%	-0.1%
Health Care	-0.1%	-0.1%
Industrials	0.7%	1.2%
Information Technology	0.7%	0.2%
Materials	0.2%	0.3%
Real Estate	0.1%	-0.2%
Fixed Income	***0.2%***	***0.8%***

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

Portfolio positioning

Portfolio structure	Portfolio weight
Fixed income	**2.2%**
Corporate Bonds	0.5%
Convertible Bonds	1.6%
Asset Backed Bonds	0.1%
Equities	**57.3%**
Communication Services	12.7%
Consumer Discretionary	6.6%
Consumer Staples	4.8%
Energy	1.9%
Financials	8.4%
Health Care	2.2%
Industrials	7.1%
Information Technology	6.9%
Materials	5.6%
Real Estate	1.0%
Utilities	0.1%
Cash & equivalents*	**40.5%**
Total	**100%**

** Includes money market securities.*

Regional breakdown	Equity weight	Fixed income weight
North America	33.8%	0.9%
Europe ex UK	19.1%	1.3%
Asia ex. Japan	0.2%	0.0%
Japan	2.3%	0.0%
Emerging Markets	2.0%	0.0%
Total	**57.3%**	**2.2%**

Top 5 equity holdings		Portfolio weight
Alphabet	Communication Services	4.4%
Meta	Communication Services	3.0%
Analog Devices	Information Technology	2.7%
Holcim	Materials	2.6%
TE Connectivity	Information Technology	2.6%

Stock spotlight: Nintendo

We initiated our position in Nintendo in 2022, during a period of market skepticism surrounding the ageing Switch console. At the time, concerns about hardware fatigue and a lack of clarity on the next-generation roadmap created a compelling valuation dislocation. Our investment thesis was shaped by deep fundamental research, including direct engagement with Nintendo's management team, which helped us better evaluate the risks and strategic direction. These discussions reinforced our conviction that Nintendo could successfully navigate the transition.

The launch of Switch 2 in 2025 validated that conviction. With backward compatibility at its core, the new console preserved Nintendo's vast install base and prevented competitive leakage. The device sold 3.5 million units in its first four days, setting a new benchmark for the company. Enhanced hardware, magnetic Joy-Con 2 controllers, and a native GameChat system have positioned Nintendo to extend its leadership in family-focused gaming.

Nintendo continues to deepen its moat by expanding its iconic franchises—Mario, Zelda, Pokémon—in a strategy akin to Disney's IP model. Its unique focus on inclusive, family-first entertainment sets it apart in a market often dominated by mature or niche gaming experiences.

Following a 46% year-to-date rally, we have trimmed our position on valuation grounds. While the long-term fundamentals remain intact, the current price reflects much of the near-term optimism, and we are rebalancing accordingly.

This position was 1.06% 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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