

# Global Flexible Fund

► Contrarian. Flexible. Patient.



October 2024 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.
- Our bottom-up research drives asset allocation, agnostic of market indices.
- We patiently seek undervalued and out-of-favour opportunities across asset class and capital structure.
- We are willing to hold cash until opportunities present themselves.

## 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.*

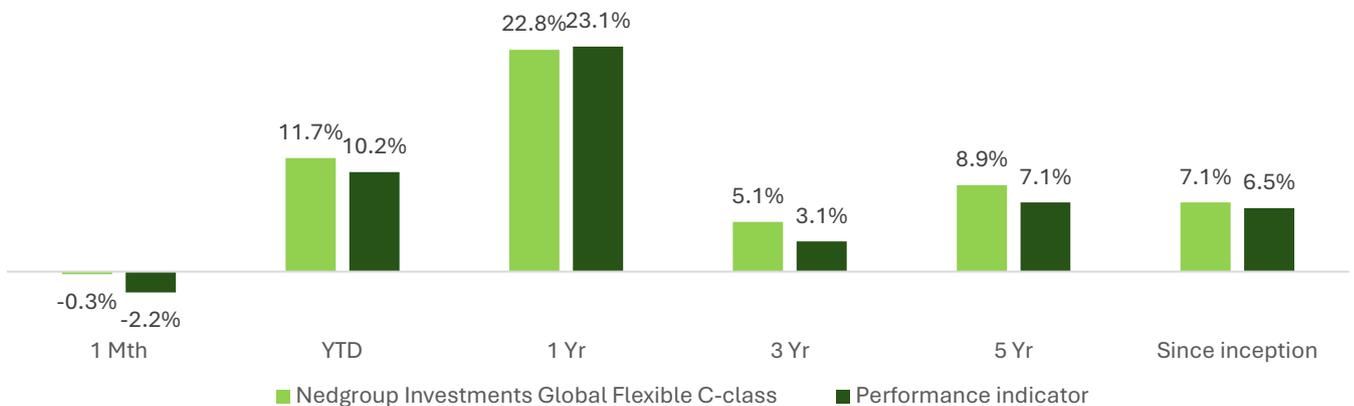
## Performance and markets

US stocks dipped in October even with inflation near the FED's target and strong quarterly GDP estimates. Of course, the elephant in the room was pre-election uncertainty. Broadly speaking, mega cap names underperformed due to valuation and expectations that the benefits of AI will take longer to monetize.

UK and European equity markets also moved lower in October while global bond markets had their worst month in over a year as investors pared back expectations of interest rate cuts next year.

Wells Fargo was a top contributor in October for the Nedgroup Investments Global Flexible Fund. Other positive contributors for the month were LPL Financial, Alphabet and Comcast.

*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. Performance indicator: 60% MSCI World NR USD, 30% Bloomberg Global Aggregate bond, 10% US Cash.*

*Source: Morningstar, Nedgroup Investments.*

## Key return drivers

### Month to date

Contributors		Detractors	
Wells Fargo & Company	0.26%	Heineken Holding N.V.	-0.14%
LPL Financial Holdings Inc.	0.18%	ICON Plc	-0.14%
Alphabet	0.14%	Intl. Flavors & Fragrances Inc.	-0.13%
Comcast Corporation Class A	0.13%	SAMSUNG C&T CORP	-0.13%
Kinder Morgan Inc Class P	0.13%	Glencore plc	-0.11%

### Year to date

Contributors		Detractors	
Meta Platforms Inc Class A	1.55%	Charter Comms, Inc. Class A	-0.31%
Alphabet	1.15%	Heineken Holding N.V.	-0.31%
Jefferies Financial Group Inc.	1.07%	LG Corp	-0.20%
Holcim Ltd	0.86%	Glencore plc	-0.19%
Citigroup Inc.	0.63%	JDE Peet's NV	-0.17%

Sector contribution	Month to date	Year to date
<i>Equities</i>	-0.24%	10.24%
Communication Services	0.24%	2.78%
Consumer Discretionary	-0.15%	0.89%
Consumer Staples	-0.19%	-0.67%
Energy	0.09%	0.49%
Financials	0.64%	3.02%
Health Care	-0.21%	-0.12%
Industrials	-0.29%	1.19%
Information Technology	-0.20%	1.09%
Materials	-0.21%	1.22%
Real Estate	0.04%	0.33%

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

## Portfolio positioning

Portfolio structure	Portfolio weight
Fixed income	<b>3.28%</b>
Corporate Bonds	1.01%
Convertible Bonds	2.16%
Asset Backed Bonds	0.11%
Equities	<b>58.22%</b>
Communication Services	13.85%
Consumer Discretionary	6.38%
Consumer Staples	3.67%
Energy	1.71%
Financials	10.04%
Health Care	1.09%
Industrials	6.27%
Information Technology	7.44%
Materials	6.37%
Real Estate	1.28%
Utilities	0.13%
Cash & equivalents*	<b>38.53%</b>
<b>Total</b>	<b>100%</b>

\* Includes money market securities.

Regional breakdown	Equity weight	Fixed income weight
North America	37.30%	1.82%
Europe ex UK	17.26%	1.43%
UK	0.01%	0.00%
Japan	1.58%	0.00%
EM	1.76%	0.00%
<b>Total</b>	<b>57.90%</b>	<b>3.26%</b>

Top 5 equity holdings		Portfolio weight
Alphabet Inc	Communication Services	4.93%
Meta Platforms Inc	Communication Services	3.15%
Analog Devices	Information Technology	2.90%
Holcim Ltd	Materials	2.87%
Comcast Corp	Communication Services	2.79%

## Stock spotlight: Pernod Ricard

- We initiated a small position in Pernod Ricard in July of this year; a French company that produces and distributes more than 240 brands of spirits and wines. This position was 0.46% of the portfolio as at month-end.
- **Valuation:** Trading at 15x earnings with a 4% dividend yield. It equates to a mid- to high-single digit earnings yield – a little less with free cash flow if the business is growing as there is a working capital drag as you grow.
- **Long-term:** They are one of two globally scaled players that can manage their distribution around the world and that lends to commercial strength and business durability (excluding the US). In the US, there is a two or three-tiered distribution law. However, it is not necessarily a tight run operation. There is room to optimize margins. One challenge is that the North American and European markets have very little volume growth – there is a premiumization story. They have a great position in emerging markets – particularly in India (currently accounts for 10% of Pernod's business). Volume growth likely to increase due to population growth and increase in purchasing power per capita.

*Positioning information as of reporting month end. Some differences may exist due to rounding.*

*Source: FPA, 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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Fees are outlined in the relevant Sub-Fund supplement available from the Investment Manager's website.

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