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Nedgroup Investments MultiFunds Plc

Quarterly International Investment Review

Quarter 1, 2020

For the period ended 31 March 2020

This report is prepared by Nedgroup Investments (IOM) Limited the Investment Manager of Nedgroup Investments MultiFunds Plc.

The purpose of the report is to provide unitholders in the Nedgroup Investments MultiFunds and their advisers, with a review of the funds' performance since inception. The report is structured as follows:

Part One: Market Review

This section provides a market review, which looks at the performance of global asset classes over the last quarter, and puts this into perspective relative to longer-term performance. The aim of this review is to provide a context in which the performance of Nedgroup Investments MultiFunds can be assessed.

Part Two: Nedgroup Investments MultiFunds' Performance

This section provides an overview of the performance of the Nedgroup Investments MultiFunds since its launch on 19 August 2011 under the UCITS IV structure. The Income MultiFund was launched on 26 January 2012.

Part Three: Market Outlook

In this section we highlight our current views on the market over the medium term and how these views are implemented within the MultiFunds.

Part Four: Underlying Portfolio Manager Performance

This section shows the performance of the underlying managers.

Part Five: Fund Focus

In this section we highlight a fund held in the MultiFunds.

Part One: Market Review

Performance over period to 31 March 2020

Asset class	Indicator	3 months	1 year	3 years	5 years	10 years
Equities	MSCI All Country World Index	-21.4%	-11.3%	1.5%	2.8%	3.9%
Property	FTSE EPRA/NA REIT Dev Property Index	-28.3%	-23.2%	-2.9%	-1.1%	3.5%
Bonds	JPM Global Bond Index	4.7%	9.7%	5.7%	4.0%	2.9%
Cash	US 3-month deposits	0.4%	1.9%	1.9%	1.3%	0.5%
Inflation	US CPI	-0.2%	1.5%	1.9%	1.8%	1.1%

All figures are in USD
Source Bloomberg, Nedgroup Investments
Returns for periods longer than 12 months are annualised.

Economic and Market Commentary

The first quarter of 2020 saw investor risk appetite fall sharply, especially in the second half of the period when news flow on the Covid-19 pandemic, the global economic outlook, and financial markets conditions all deteriorated very rapidly. Whilst investors were of course monitoring the Coronavirus story throughout the quarter, the prevailing view was that it would be contained in China and it would not have a material economic impact across advanced economies. However, that assumption was quickly abandoned when it became clear that significant outbreaks had occurred in Italy, Iran and Korea, and that the virus was spreading globally.

Volatility across all asset classes rose to extremes in March, with occasional periods of significant stress. As government's reacted to the spread of Covid-19 by bringing forward increasingly draconian social restrictions, it became quite apparent that the economic fall-out would be severe, at least in the short term. In the financial markets, companies and individuals reacted to expectations that their cash flows and income could be disrupted by drawing down on investments and reserves to help bridge the downturn. This "dash for cash" was compounded by enforced margin call pressures which led to unusual trading patterns, with some listed assets changing hands at very low prices.

With the benefit of experience gained in the 2008/9 financial crisis, policy makers reacted quickly to the growing crisis, announcing massive monetary and fiscal stimulus packages. Any central banks with room to cut interest rates did so, with most promising significant (and in some cases, unlimited) quantitative easing "QE". Central banks will use QE to boost liquidity and lending, as well as to backstop critical markets such as the commercial paper (i.e. money markets), sovereign bond and corporate debt markets. QE will also be used to control (i.e. suppress) sovereign bond yields to minimise government borrowing costs. For their part, governments announced substantial fiscal packages offering a broad range of grants, loans, tax deferrals and guarantees aimed at supporting both businesses and individuals through the crisis.

As well as facing the fall-out from the Covid-19 pandemic, a second factor that added to market pressures was the collapse in the oil price which resulted from the breakdown of the OPEC+ talks. Having fallen over 50 percent in March, the oil price now trades in the low-to-mid US$20s per barrel, with reports that physical oil for immediate delivery is changing hands well below those levels. If this level of pricing is sustained, much of the North American oil industry (and various other higher cost producers) will suffer significant losses, and probably be driven to bankruptcy. Faced with such a drastic change in circumstances, energy related equities and bonds (major sectors within both asset classes) fell sharply.

As risk appetite recoiled through the quarter, the MSCI AC World Index fell -21.4% when measured in US dollar terms. The decline in equity markets was broad based, with all regions or countries suffering. The most robust regions / countries were Japan (-16.8%), Asia ex Japan (-18.4%) and US (-19.8%), whilst the weakest were the UK (-28.8%), Emerging Markets (-23.6%) and Europe ex UK (-22.8%). At the sector level, defensive sectors significantly outperforming economically sensitive areas. As such, those that provided the most downside protection were Healthcare (-11.2%), Information Technology (-13.6%) and Consumer Staples (+13.8%), whilst those in the most trouble were Energy (-43.8%), Financials (-31.6%) and Materials (-27.1%). Finally, in terms of style, Growth (-15.7%) outperformed Value (-27.0%), whilst Smaller Companies (-30.1%) trailed Larger Companies (-21.4%).

The flight towards safe havens saw sovereign bonds rise, whilst other lower quality parts of the fixed income asset class sold off. Over the quarter, the JP Morgan Global Government Bond Index rose +4.7%. In contrast, corporate and emerging market bonds were knocked on worries about the impact of recession and the "dash for cash" that saw heavy redemptions lead to forced sales and a rapid spread widening. Over the quarter, the ICE Merrill Lynch Global Corporate Investment Grade and High Yield Bond Indices were down -4.2% and -13.5% respectively, whilst the JP Morgan Emerging Market Bond Index fell -11.8% (all hedged to US dollars).

Most commodities lost ground on worries about over economic decline and reduced demand. This was especially true in the case of oil, where concerns over rising production and inventories levels exacerbated the situation. Over the period, the Bloomberg Commodities Index fell -23.3%, with Crude Oil giving up an astonishing -66.5%, and Industrial Metals -18.5%. The only significant sector that bucked the trend was Gold (+4.5%), which reflected its safe haven status.

In the foreign exchange markets, one notable feature was the broad strength of safe haven currencies. The Japanese yen and Swiss franc were the strongest currencies, rising +1.0% and +0.6% respectively against the US dollar, whilst the euro (-1.6%) and the pound (-6.7%) were both weaker. A second notable trend was the marked weakness of some of Emerging Market currencies, which fell on worries as to how well their economies and finances will cope with the challenges they face. Some of the more significant fallers included the Brazilian real (-29.2%), South African rand (-27.4%), and the Mexican peso (-25.1%).

Notes: All data is quoted in US dollar terms unless otherwise stated.

Part Two: MultiFunds' Performance

All performance figures are as at 31 March 2020

Growth MultiFund

PERIOD	FUND USD %	Performance Indicator US LIBID 3 month +4%	FUND GBP %	Performance Indicator GBP LIBID 3 month +4%
3 months	-19.2%	1.3%	-16.8%	1.1%
1 year	-10.8%	6.0%	-9.5%	4.7%
3 years (annualised)	0.5%	6.0%	-0.3%	4.6%
Since inception* (annualised)	4.0%	4.9%	4.4%	4.5%

Balanced MultiFund

PERIOD	FUND USD %	Performance Indicator US LIBID 3 month +2%	FUND GBP %	Performance Indicator GBP LIBID 3 month +2%
3 months	-12.2%	0.9%	-10.8%	0.6%
1 year	-5.9%	4.0%	-5.8%	2.7%
3 years (annualised)	1.2%	3.9%	0.0%	2.5%
Since inception* (annualised)	2.0%	2.9%	2.9%	2.5%

Income MultiFund Accumulating

PERIOD	FUND USD %	Performance Indicator US LIBID 3 month	FUND GBP %	Performance Indicator GBP LIBID 3 month
3 months	-5.6%	0.4%	-6.5%	0.1%
1 year	-1.0%	1.9%	-3.0%	0.6%
3 years (annualised)	1.8%	1.9%	0.3%	0.5%
Since inception* (annualised)	2.9%	0.9%	2.6%	0.4%

C Class performance with returns prior their inception dates backfilled using class A returns adjusted for fees.

*Inception dates: NIM Growth USD C: 30/12/2014, NIM Growth GBP C: 06/03/2013,
NIM Balanced USD C: 08/11/2013, NIM Balanced GBP C: 06/03/2013
NIM Income USD C Acc: 01/09/2015, NIM Income GBP C Acc: 08/04/2013

Inception date for NIM Growth and Balanced USD A is 19 August 2011 (Valuation date 18 August 2011) / for NIM Income USD A Acc is 12 April 2012
Inception date for NIM Growth and Balanced GBP A is 19 August 2011 (Valuation date 18 August 2011) / for NIM Income GBP A Acc is 26 January 2012

Portfolio Review and Changes

Growth

The portfolio experienced a disappointing decline of -19.2% (US$ C Class) in the first quarter of 2020, against a background of serious disruption and weakness across financial markets. Coming into the quarter, the portfolio had a lower than normal exposure to mainstream equities, and a higher than normal exposure to listed investment trusts with interests in international property and alternative investments (such as renewable energy, infrastructure and asset backed lending).

Overall, the equity exposures performed broadly in line with the market. Underlying funds that were more exposed to higher quality / defensive businesses (such as Consumer Staples and Healthcare) held up much better than the broader market. These outperformers included Nedgroup Global Equity (-17.1%), Morgan Stanley Global Brands (-12.9%) and Fundsmith Equity (-13.9%). In contrast, those funds that were more exposed to areas that may be challenged in the downturn, such as cyclicals, smaller companies and emerging markets tended to underperform. These included Allianz Global Small Cap (-24.5%), TT Emerging Markets (-27.4%) and Dodge and Cox (-31.1%). All-in-all, the winners and losers broadly offset each other.

We saw a wide dispersion in performance across the listed property holdings, which include a broad global REIT fund (Nedgroup Global Property), a high quality UK commercial property fund (BCPT) and two very niche plays invested in social care homes (Impact and Target). The temporary constraints that have been placed on economies has led many to suggest some commercial property tenants will be looking for rental easements, which has unsettled investors and caused worries about the sustainability of dividends and asset values. Over the period, Nedgroup Global Property fell -19.7%, which, whilst disappointing, was almost 10% better than its FTSE EPRA NAREIT index. BCPT (-34.5%) also struggled, despite having a very strong balance sheet and high quality portfolio. As we write the shares trade at half the December 31st 2019 net asset value, which we believe to be an unjust level. Thankfully, it has been recovering, and in our view, should continue to do so. The two care home REITs, Impact and Target held up very well under the circumstances, falling -14.1% and -6.5% respectively. This relatively favourable outcome reflects the fact that they are in a very defensive and stable niche, and have strong balance sheets and cash flow.

The largest part of the alternatives portfolio consists of listed plays in renewable energy, through Greencoat UK Wind (-9.0%), Greencoat Renewables (-1.3%), John Laing Environmental Assets (-7.7%) and The Renewable Infrastructure Group (-6.2%). These too are fairly defensive assets that will be able to operate profitably through the downturn without any significant problems. They offer safe and dependable dividends that will be prized by investors at a time when many companies are expected to suspend dividends to conserve balance sheets through the downturn.

In other areas, the song royalty fund Hipgnosis saw a modest decline of -5.3% (it has no debt and its cash flows from song royalties are considered to be recession-proof). 3i Infrastructure (-16.0%) also held up reasonably well under the circumstances, in part because it is invested in defensive and essential infrastructure, and also because it has a tremendously strong balance sheet with over ¬£460m of net cash. Asset backed lending was not so robust, as GCP Asset Backed Income (-30.8%) and SQN (-32.6%) both came under pressure on worries that some of their borrowers may miss interest payments through the recession. Whilst this is a legitimate concern, we take comfort that neither fund has any borrowings (they only lend their equity), and that all loans are backed by collateral. That means that should they experience any defaults, they should manage to achieve a high recovery rate. So far, neither portfolio has announced any problems, but in these difficult times it seems inevitable that there will be issues with some borrowers that need to be worked through.

In terms of portfolio activity, in January we increased cash through the sale of Franklin Templeton Global Total Return. In February we took part in a fund-raising by John Laing Environmental Assets and took some profits in 3i Infrastructure and Greencoat UK Wind. Finally, towards the end of the quarter (and after big falls) we added a little to BMO Commercial Property at prices close to the lows.

Balanced

The portfolio experienced a disappointing decline of -12.2% (US$ C Class) in the first quarter of 2020, against a background of serious disruption and weakness across financial markets. Coming into the quarter, the portfolio had a lower than normal exposure to mainstream equities and bonds, and a higher than normal exposure to cash and listed investment trusts with interests in international property and alternative investments (such as renewable energy, infrastructure and asset backed lending).

Overall, the equity exposures performed broadly in line with the market. Underlying funds that were more exposed to higher quality / defensive businesses (such as Consumer Staples and Healthcare) held up much better than the broader market. These outperformers included Nedgroup Global Equity (-17.1%), Morgan Stanley Global Brands (-12.9%) and Fundsmith Equity (-13.9%). In contrast, those funds that were more exposed to areas that may be challenged in the downturn, such as cyclicals, smaller companies and emerging markets tended to underperform. These included Allianz Global Small Cap (-24.5%), TT Emerging Markets (-27.4%) and Dodge and Cox (-31.1%). All-in-all, the winners and losers broadly offset each other.

Fixed income saw mixed fortunes over the quarter. Holdings in US treasuries, through Vanguard US Government Bond (+7.4%) and iShares $ Treasury 1-3 Year (+2.6%) saw welcome gains as interest rates were cut and the Federal Reserve embarked on its emergency quantitative easing program. All other types of bonds were under pressure as spreads widened in anticipation that weaker credits will find the coming recession hard going. As such, PIMCO Global Investment Grade (-7.4%), Wellington Global Credit Plus (-5.0%), AXA US Short Duration HY (-8.4%) and Muzinich Short Duration HY (-8.6%) were all under pressure over the quarter.

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Income

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Part Three: Market Outlook

In just a few short weeks, everything we thought we knew about the likely paths of economies and financial markets in 2020 has changed dramatically. Financial markets have moved to price in the certainty of a severe global recession, whilst governments and central banks have embarked on incredible fiscal and monetary support programs designed to help corporates and individuals bridge the deep (but hopefully narrow) economic ravine that lies ahead.

Much depends on how long economic activity needs to be suppressed in order to see off Covid-19. The deluge of articles offering opposing views on how the world might extricate itself from its current difficulties serve only to highlight the fact that nobody really knows how things will play out, on both the medical and economic fronts. As anti-body tests become widely available, and as health systems build up their capacity to care for higher numbers of the poor souls who are severely affected by Covid-19, will we see economies reopened, and governments revert to a strategy of building herd immunity? Might medical science perform yet another miracle and develop an effective vaccine in a reasonable timescale? As we write, all of these and many more questions remain unanswered.

As investment managers, we are used to managing for an uncertain future. But without knowing how this virus will progress, the picture has never been quite as cloudy as it is today. Even so, there are a few things about which we can be certain. Firstly, short term interest rates and yields on US, UK, Japanese and Germany government bonds will stay extremely low for a very long time (many years). Central banks are now heavily involved in yield curve control to facilitate the vast government borrowing required to finance their fiscal support programs at near zero cost (helicopter money is now a fact of life in the advanced economies). Secondly, equity valuations have improved considerably following the large falls over recent weeks, and although the immediate prospects for earnings and dividends are not at all promising, it is easy to conclude that over the medium to long term equities will rise, and in doing so, materially outpace bonds, even though the short term picture is far less certain. Thirdly, non-US equity markets (the UK, Europe, Japan and the emerging markets) are much cheaper than the US market. However, there is an important caveat, as it is quite unclear how the weaker emerging markets will cope with Covid-19. With a lack of infrastructure and government resources, the spread of the virus could be nothing short of catastrophic in the short term. Hopefully their warmer climates will help, but if the answer for the harder currency advanced economies is vast quantities of "helicopter money", this avenue is not really a viable option for softer currency emerging markets. Finally, we can be sure that this virus will pass, and there will be a recovery even though then path and timing of those better times is yet to be determined.

If the recession and impact of the pandemic prove to be short-lived, and economic activity rebounds in the second half (as many eminent economists believe could happen), then it is likely that current market levels present a good short term buying opportunity for both stocks and other risk assets (corporate bonds, loans, property etc). However, the longer the economic disruption ensues, the more likely the opposite will be true.

Faced with this dilemma, we are steering a middle course for now. Within equities we are favouring high quality stable earners, and we have reduced exposure to those managers who favour less bullet-proof cyclicals and smaller companies. Where we owned emerging market bonds, we have sold them on concerns about the devastating impact Covid-19 may have on weaker developing countries, especially with respect to their currencies and finances. Exposure to credit has also been reduced, and positions in government bonds and cash increased, held in reserve as fire-power should we be presented with irresistible buying opportunities.

Part Four: Underlying Portfolio Manager Performance

The Nedgroup Investments MultiFunds' investment philosophy is one that seeks to invest in specialist underlying portfolio managers who are most appropriate for the achievement of each risk profiled MultiFunds' investment objective. A combination of externally appointed fund managers is used. The table below shows the performance of the underlying managers used within the Growth, Balanced and Income MultiFunds.

Performance as at 31 March 2020										
	Category	Currency	1 month	3 months	6 months	YTD	1 year	2 years*	3 years*	5 years*
Equity - USD										
Dodge & Cox Global Stock Fund	*Global Equity*	*US Dollar*	-21.82	-31.11	-23.76	-31.11	-22.34	-12.77	-5.85	-1.02
Fundsmith Equity Fund	*Global Equity*	*US Dollar*	-7.58	-13.69	-7.30	-13.69	-4.78	4.53	9.77	10.99
iShares MSCI World	*Global Equity*	*US Dollar*	-13.28	-21.08	-14.33	-21.08	-10.38	-3.39	1.98	3.34
Morgan Stanley Global Brands	*Global Equity*	*US Dollar*	-5.21	-12.90	-7.03	-12.90	-1.75	6.14	8.24	9.12
Nedgroup Global Equity Fund	*Global Equity*	*US Dollar*	-11.69	-17.00	-9.89	-17.00	-5.01	2.02	4.94	5.51
Vanguard Global Stock Index	*Global Equity*	*US Dollar*	-13.21	-21.07	-14.31	-21.07	-10.49	-3.56	1.80	3.10
Allianz Global Small Cap Equity	*Global Small Cap Equity*	*US Dollar*	-16.25	-24.46	-17.89	-24.46	-18.64	-12.44	-2.57	-1.49
TT Emerging Markets Equity Fund	*Global Emerging Markets Equity*	*US Dollar*	-20.24	-27.44	-17.35	-27.44	-20.97	-14.82	-1.94	2.41
Vanguard Emerging Markets Stock	*Global Emerging Markets Equity*	*US Dollar*	-15.44	-23.62	-14.65	-23.62	-17.31	-12.87	-1.82	-0.57
MSCI ACWI NR USD		*US Dollar*	-13.50	-21.37	-14.33	-21.37	-11.26	-4.58	1.50	2.85
Fixed Income - USD										
AXA US Short Duration High Yield	*Short Duration High Yield*	*US Dollar*	-5.93	-6.33	-5.46	-6.33	-3.13	0.80	1.24	1.72
Muzinich Short Duration High Yield	*Short Duration High Yield*	*US Dollar*	-7.11	-7.83	-6.44	-7.83	-4.77	-0.24	0.60	1.46
PIMCO Global IG Credit	*Global Corporate Debt*	*US Dollar*	-8.83	-6.50	-5.46	-6.50	0.36	2.53	2.94	3.16
Wellington Global Credit Plus	*Global Corporate Debt*	*US Dollar*	-6.11	-3.50	-3.00	-3.50	3.60	4.31	4.00	3.41
Vanguard US Government Bond Index Fund	*Government Bond Index*	*US Dollar*	2.64	7.95	6.97	7.95	12.57	8.27	5.49	3.36
iShares $ Treasury Bond 1-3YR UCITS ETF	*Government Bond Index*	*US Dollar*	1.37	2.84	3.36	2.84	5.46	4.02	-	-
Bloomberg Barclays Global Aggregate USD H		*US Dollar*	-1.56	1.45	0.95	1.45	6.59	5.76	4.65	3.49
Property - USD										
Nedgroup Global Property Fund	*Global Property*	*US Dollar*	-14.66	-19.67	-18.01	-19.67	-13.97	-1.90	1.00	-
iShares Developed Marcket Property Yield	*Passive Tracker*	*US Dollar*	-22.95	-28.85	-27.64	-28.85	-24.38	-7.27	-4.09	-1.79
FTSE EPRA NAREIT Developed TR USD		*US Dollar*	-22.62	-28.34	-26.93	-28.34	-23.22	-6.30	-2.92	-1.15
Property - GBP										
BMO Commercial Property Trust	*UK Property*	*Pound Sterling*	-23.03	-34.56	-34.27	-34.56	-34.23	-23.77	-16.04	-7.25
Impact Healthcare REIT	*Healthcare Property*	*Pound Sterling*	-12.86	-14.08	-15.21	-14.08	-8.65	1.04	1.33	-
Target Healthcare REIT	*Healthcare Property*	*Pound Sterling*	-7.36	-6.48	-3.95	-6.48	-1.51	7.94	3.71	6.24
Other / Specialist - GBP										
Greencoat UK Wind	*UK Renewable Energy*	*Pound Sterling*	-3.57	-9.02	-3.59	-9.02	2.87	10.97	10.11	9.92
John Laing Environmental Assets Group	*UK Renewable Energy*	*Pound Sterling*	-3.48	-7.72	-3.25	-7.72	6.28	11.16	6.67	6.64
The Renewable Infrastructure Group	*UK Renewable Energy*	*Pound Sterling*	-4.33	-6.24	4.18	-6.24	14.61	16.25	12.33	10.76
3i Infrastructure	*Infrastructure*	*Pound Sterling*	-16.53	-15.96	-14.92	-15.96	-7.31	11.18	11.37	12.55
SQN Asset Finance Income Fund - C	*Asset Financing*	*Pound Sterling*	-24.17	-32.59	-31.55	-32.59	-32.97	-14.66	-14.14	-
GCP Asset Backed Income Fund	*Asset Financing*	*Pound Sterling*	-27.45	-30.80	-29.64	-30.80	-26.94	-9.01	-5.45	-
Hipgnosis Songs Fund	*Song Royalties*	*Pound Sterling*	-1.90	-5.28	-1.95	-5.28	0.41	-	-	-
LIBID GBP 3 Month + 2%		*Pound Sterling*	0.21	0.63	1.30	0.63	2.66	2.67	2.55	2.48
Other / Specialist - EUR										
Greencoat Renewables	*UK Renewable Energy*	*Euro*	-2.10	-1.29	4.75	-1.29	15.75	11.88	-	-
Cash - USD										
BlackRock USD Liquidity Premier Class	*Cash*	*US Dollar*	0.10	0.40	0.89	0.40	2.10	2.22	1.93	1.35
LIBID USD 3 Month		*US Dollar*	0.11	0.36	0.80	0.36	1.91	2.15	1.89	1.34
Cash - GBP										
Insight GBP Liquidity Fund	*Cash*	*Pound Sterling*	0.00	0.08	0.20	0.08	0.45	0.41	0.34	0.32
LIBID GBP 3 Month		*Pound Sterling*	0.04	0.14	0.31	0.14	0.64	0.66	0.54	0.48

* Annualised

Source: Morningstar and Bloomberg

Part Five: Fund Focus

In this section of the report we cover the underlying funds in slightly more detail in order to assist investors in gaining a better understanding of the underlying funds and the reasons we hold them. In this report we look at PIMCO Global Investment Grade Credit Fund.

PIMCO Global Investment Grade Credit Fund

PIMCO Global Investment Grade Credit is a fund that focuses on investing globally into higher quality investment grade corporate bonds. The process combines both top-down macroeconomic views, with bottom-up security selection. The strategy is managed in the context of the PIMCO outlook for the global economy and markets, but investment decisions, and value-added opportunities come primarily from traditional bottom-up credit analysis.

PIMCO's investment process is driven by its annual Secular Forum (3-5 years outlook) and quarterly Cyclical Forum (6-9 month outlook). PIMCO's Secular Forum looks at assessing long term trends in demographics, politics, trade, capital, productivity and technology, while the Cyclical Forum looks more specifically at country / regional macroeconomic forecasts. The result of these forums drives both global asset and sector allocation across all portfolios. The global investment grade credit fund employs a diversified, risk-controlled, value-based approach to investing, benefitting from expertise across global bond markets, and a broad opportunity set. The fund invests at least two-thirds of its assets in investment grade global corporate and credit instruments. Bonds held within the portfolio are rigorously evaluated based on three screens: top-down (consistent with firm's outlook), bottom-up (sound business model, balance sheet strength etc), and valuation analysis (price / relative value), all of which are used to generate a proprietary rating. In terms of portfolio construction, diversification is prioritized, and no single position is allowed to drive or dominate overall portfolio returns.

PIMCO has a well-defined and consistent investment process to managing global investment grade credit. The fund clearly benefits from PIMCO's significant resources in terms of human capital, technology, and global reach. Furthermore, the sheer size and influence PIMCO has on the fixed-income markets gives it an information advantage compared to smaller fixed income managers. The performance of the fund has been consistently good. The fund is benchmark aware, and as such, well diversified. The manager is however allowed to take tactical positions away from the benchmark (with up to 15% in high yield and up to 25% in emerging markets). Overall this is a quality effort and should be seen as a core holding for any client wanting exposure to global investment grade corporate bonds / credit.

This strategy takes very limited currency risk, the majority of the underlying exposure that is not denominated in the base currency is hedged back to the base currency. In this note we have written up the fund domiciled in Ireland with a base currency of USD. However investors who like this strategy but prefer to invest in another base currency (such as GBP), hedged share classes are available.

Why We Like the Fund:

- PIMCO are the world's pre-eminent bond management house
- A well-diversified global portfolio, providing consistent outperformance over the long-term
- Clear investment process to managing global investment grade credit
- Benefits from the significant resources available at PIMCO in terms of human capital and global rea
- Sheer size and influence PIMCO has on the fixed-income markets gives it a clear information advantage
- Mark Kiesel, is an experienced fund manager

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The Fund has been recognised under paragraph 1 of Schedule 4 to the Collective Investment Schemes Act 2008 of the Isle of Man. Isle of Man investors are not protected by statutory compensation arrangements in respect of the Fund.

Singapore investors should read the Appendix for Singapore Investors in conjunction with the Fund's Prospectus and Key Investor Information Document (KIID) which are available from the Manager. www.nedgroupinvestments.com

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The Prospectus of the Fund, the Supplement of its Sub-Funds and the KIIDS are available from the Investment Manager and the Distributor or from its website www.nedgroupinvestments.com

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