



see money differently



Nedgroup Investments Global Property Fund

Quarter Three, 2022

Marketing Communication

Nedgroup Investments Global Property Fund

Commentary produced in conjunction with sub-investment manager, Resolution Capital

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

| Indicator | 3 months | 1 year | 3 years p.a. | 5 years p.a. | Since Inception [#] p.a. |
|------------------------------------|----------|--------|--------------|--------------|-----------------------------------|
| Portfolio* | -11,63 | -21,07 | -4,67 | 0,27 | 0,75 |
| Performance indicator ⁺ | -11,58 | -22,78 | -6,47 | -0,85 | -0,76 |
| Difference | -0,04 | 1,72 | 1,80 | 1,12 | 1,51 |

* Net USD return for the Nedgroup Investments Global Property Fund, A class. Source: Morningstar

[#] 14 July 2016

⁺ FTSE EPRA/NAREIT Developed Index (in USD Net Ret)

Summary points

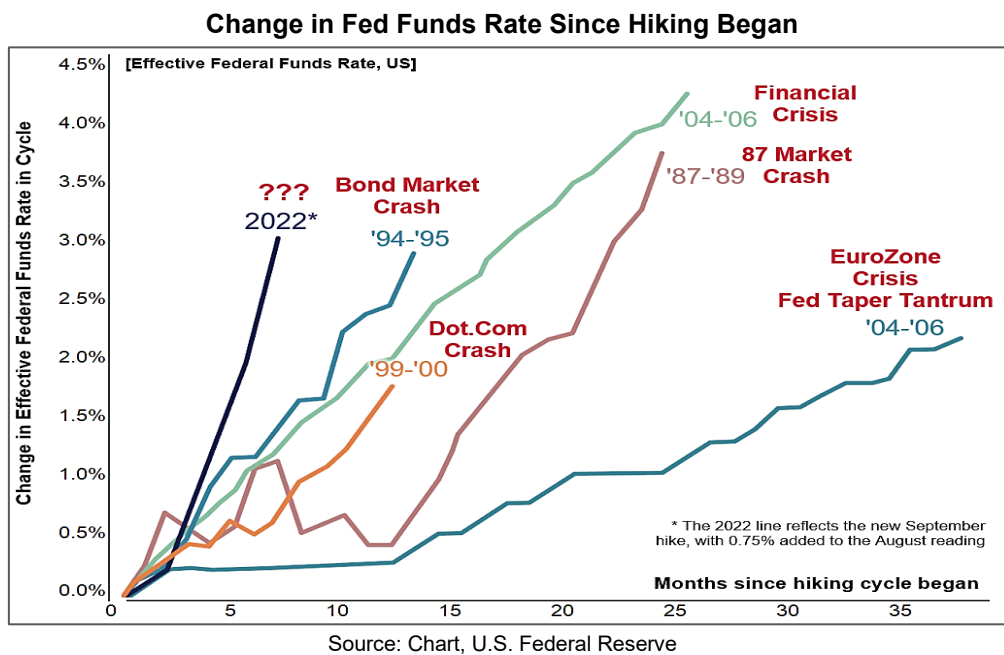
- Listed real estate has moved swiftly to discount the significant shift in capital markets. Current prices imply a ~20% decline in underlying property values.
- The current broad investment challenge was brought about by a decade of elevated monetary and fiscal policy distortion – commercial real estate is not particularly or uniquely vulnerable.
- The quality of tenant credit and the resilience of income will influence the degree to which listed markets face further pressure.
- The portfolio's Debt to Gross Asset Value (GAV) is below 30%.
- Prospective relative returns of REITs rests on the resilience of contractual income as economic growth slows.
- Consumer facing exposures including hotels, self-storage and retail property led returns for the quarter.
- Residential REITs continue to experience strong rental growth across key markets, but expect this to moderate to more normal levels over the coming 12 months.
- Healthcare real estate underperformed and was the weakest sector for the quarter, surprising given these are less economically sensitive portfolios and should prove more resilient during economic duress.
- Emulating the volatility of the tech sector, data centre REITs were among the worst performers.
- Logistics REITs were jolted in the quarter by underwhelming results from global logistics operator FedEx.
- Office utilisation in the U.S. remains less than half pre-pandemic levels as the substitution effect of work-from-home continues.

Market and portfolio commentary

Don't Fight the Fed cliches

Against a backdrop of elevated volatility, financial markets continue to wrestle with a myriad of concerns, including ongoing tensions in Europe associated with the war in Ukraine and consequent rising energy costs and energy security. The central underlying issue remains the persistence of elevated consumer price inflation and the severity of monetary policy tightening necessary to return it to acceptable levels.

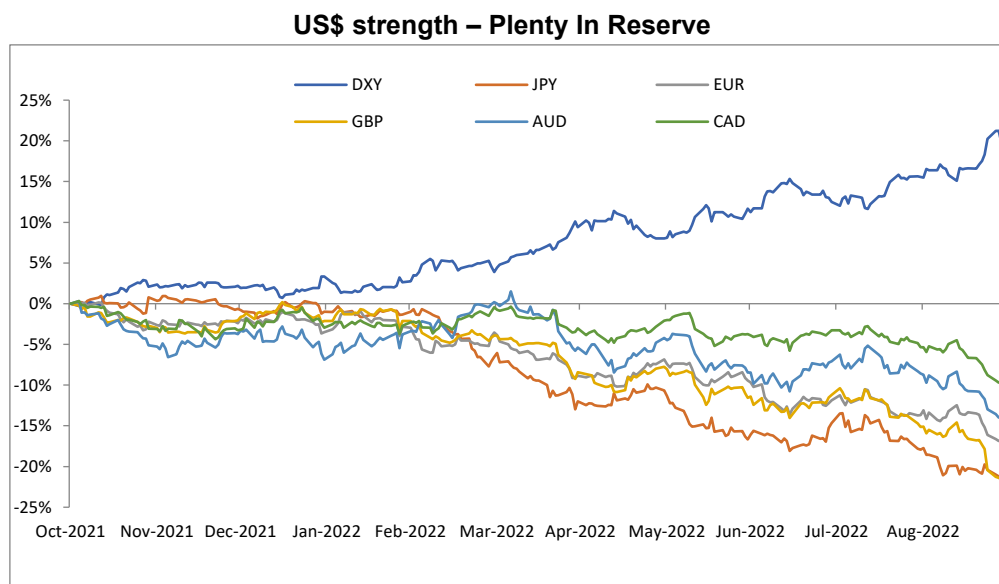
Inflation data in the quarter provided scant evidence of moderation and central banks around the world ramped up interest rates and rhetoric with renewed vigour. In the words of U.S. Fed Governor Jerome Powell "We've just moved [the Fed Funds Rate] I think probably into the very lowest level of what might be restrictive".



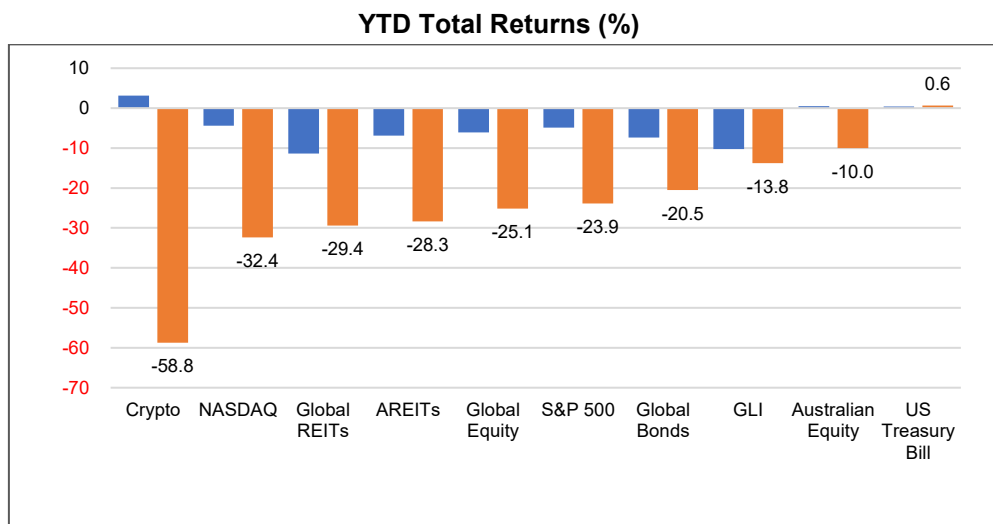
Despite a 300bps increase in the Fed funds rate this year, one of the sharpest tightening cycles in 40 years, there remains a long way to go before the Fed reaches its current 4.6% target deemed suitably restrictive.

Given the extraordinarily distorted economic environment and policy responses in recent years, policy error remains a key risk with potentially significant repercussions for the global economy. We are seeing some localised immediate examples. Induced by contentious fiscal policies by a new leadership regime, the UK Government bond market experienced significant volatility requiring intervention from the Bank of England.

Signs of increasing risks to the macro-economy are also evident in currency markets. The pace of U.S. interest rate increases and broader risk aversion has caused significant U.S. dollar strength.



Reflecting the risks to the global economic outlook and the combination of elevated inflation and rapidly rising interest rates it has been an annus horribilis for financial asset returns. The synchronised drawdown across liquid public asset classes has spared few.



Source: Factset, RCL. Local currency. Crypto is Bitcoin USD.

When measuring returns, time frame is important. While GREITs were one of the best performing asset classes in 2021, year-to-date performance has been hugely disappointing. Compared to Government bonds, which have endured a mark-to-market of similar magnitude, the returns however seem proportionate given the economic sensitivity of REIT cashflows and the higher financial leverage employed.

That said, we don't see commercial real estate as being particularly or uniquely vulnerable – this is a broad investment challenge brought about by a decade of elevated monetary and fiscal policy distortion.

Importantly we see limited evidence of the risk factors which usually affect real estate returns: excessive debt finance and construction activity. New building supply is generally manageable and REIT balance sheets are moderately leveraged with the Portfolio Debt / Gross Asset Value (GAV) below 30%. The prospective relative performance of the sector rests on the resilience of contractual income as economic growth slows and the ability to offset earnings headwinds from higher finance costs.

Time Lags and Liquidity

The dramatic sell-off experienced by liquid public markets raises interesting questions for not-so-liquid private capital markets including private equity (PE) and unlisted real estate.

We are firmly of the view that a meaningful contributing factor to the REIT market sell off relates to the speed and magnitude of changes to monetary policy and critically, the liquidity provided by REITs. In many cases private market values have thus far been insulated not by fundamental differences in cashflows or underlying values, but because of the infrequent appraisal based valuations and the lack of liquidity in PE/unlisted funds: investors have raised cash levels by selling what they can.

To illustrate the issue, Blackstone's non-traded REIT (i.e., unlisted) BREIT invests predominantly in U.S. rental housing (55%) and industrial (23%) real estate. BREITs Net Asset Value (NAV), the price at which investors can theoretically enter and exit the vehicle, is unchanged in recent months at \$15.09 per share. Comparatively, listed U.S. multifamily REITs are trading 30% below NAV while U.S. logistics REITs are 18% below NAV.

In the words of famed value investor Benjamin Graham: *"it is self-deception to tell yourself that you have suffered no shrinkage in value merely because your securities have no quoted market at all"*.

If investors believe in a parallel universe where underlying private values are unimpacted then the simple answer for listed REITs is to delist. Investors could realise their investment at +20% above stock market quoted prices. But if investors were to choose this path, they should not expect to redeem a significant part of their now unlisted investment any time soon until they can find someone to buy the assets or units at the independent appraisal valuations. Whilst listed market volatility can be unnerving, the reality is REITs are serving their purpose, providing transparency and more importantly, timely liquidity for those in need. Ultimately value and price will converge.

We recognise the speed of the public market price declines and a lack of transaction activity makes the job of valuers, pension funds and private capital particularly difficult. The challenge is greatest for those vehicles which provide investors access to their capital – at what values are they transacting, and will there be sufficient funds to meet redemptions?

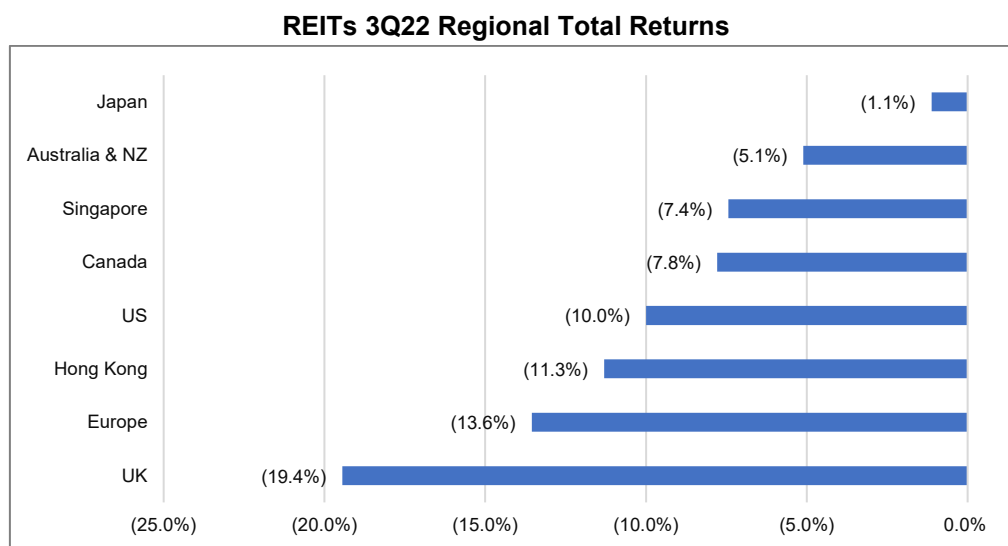
With liquidity no longer flowing as freely as investors had become accustomed to in a world of QE and negative bond yields, and central banks likely to remain restrictive for an extended period, private markets will have to confront the issue. And there are early signs of cracks appearing.

UK open-ended property funds are again limiting investor withdrawals as redemption requests exceed capacity to meet them. According to media reports, Schroders, Columbia Threadneedle and Blackrock placed varying redemption restrictions on their unlisted pooled property funds as market dislocation impacts the ability to fund requests. This is a replay of similar restrictions placed during the GFC and Covid pandemic.

Anecdotally, we also understand discounts of secondary units of unlisted property funds are beginning to blow-out. Logically discounts should widen further unless underlying values begin to reflect market reality.

Sector Performance

Turning to REIT performance for the quarter, given the extraordinary events in the UK it's no surprise UK REITs were caught in the tumult and were the worst performing for the quarter producing a total return of -19% (local currency). Our positioning in high quality, moderately leveraged REITs offered little protection and the Portfolio's overweight exposure negatively impacted both absolute and relative returns.



Source: Factset, RCL. Local Currency.

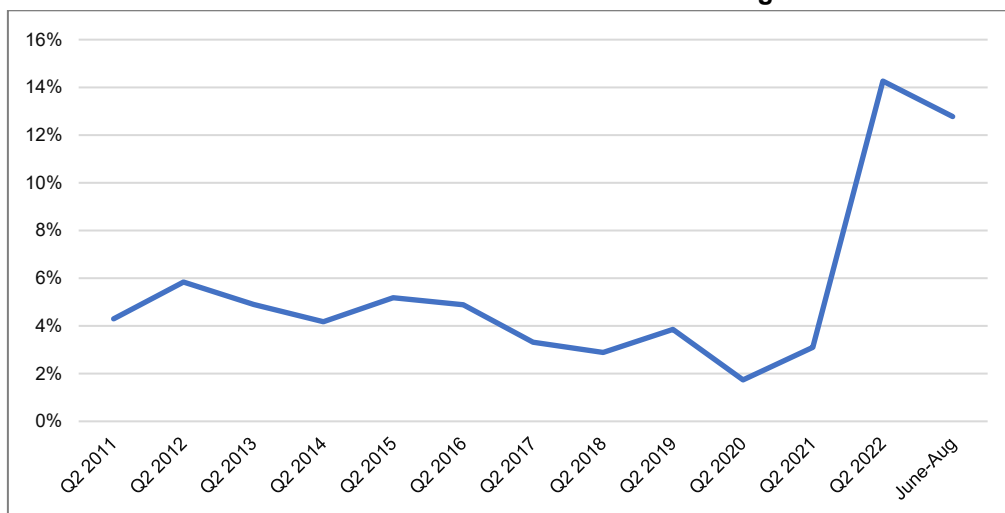
While the UK economy faces numerous headwinds in the short-term, we believe our positions are in a reasonable capital position to withstand current market conditions. In aggregate our UK investments have Debt/GAV of 26%, comfortably within the most onerous debt covenants. The debt has an average of 6 years to maturity and enjoys predominantly fixed interest rates.

The same cannot be said for many of their Continental European brethren. European REITs experienced further drawdowns with German real estate vehicles again impacted, declining 23% for the quarter (local currency). Until recently German real estate enjoyed years of exceptional returns fuelled by low interest rates (indeed negative bond yields) and management teams comfortable with elevated financial leverage. With interest rates increasing sharply and asset values under pressure, the awkward conversations on deleveraging have begun.

In the German residential sector, TAG Immobilien AG (TEG), a €6bn residential landlord, announced a highly dilutive €200m equity rights issue in July, resulting in a 20% increase of the company's share count. The funds are intended to partially refinance a bridge loan facility and news of the issue came just days after Moody's placed TEG's credit rating under review for a downgrade suggesting lenders were unwilling to increase exposure to the company. The TEG transaction highlights the risks to equity holders if highly leveraged REITs face credit downgrades which would impede their access to credit markets.

As we explored in some depth last quarter, residential REITs are experiencing strong, albeit decelerating, rental growth across key markets. After the post-Covid rebound, seasonality is returning, and we expect rental growth to moderate to more normal levels over the coming 12 months. With residential rent and equivalent rent comprising 1/3 of the U.S. CPI basket, moderation in rental growth will be an important contributor to reducing current elevated inflation levels. It will however take several quarters given the apparent lag between market rental growth and the CPI measures.

U.S. Residential REITs Blended Rent Change

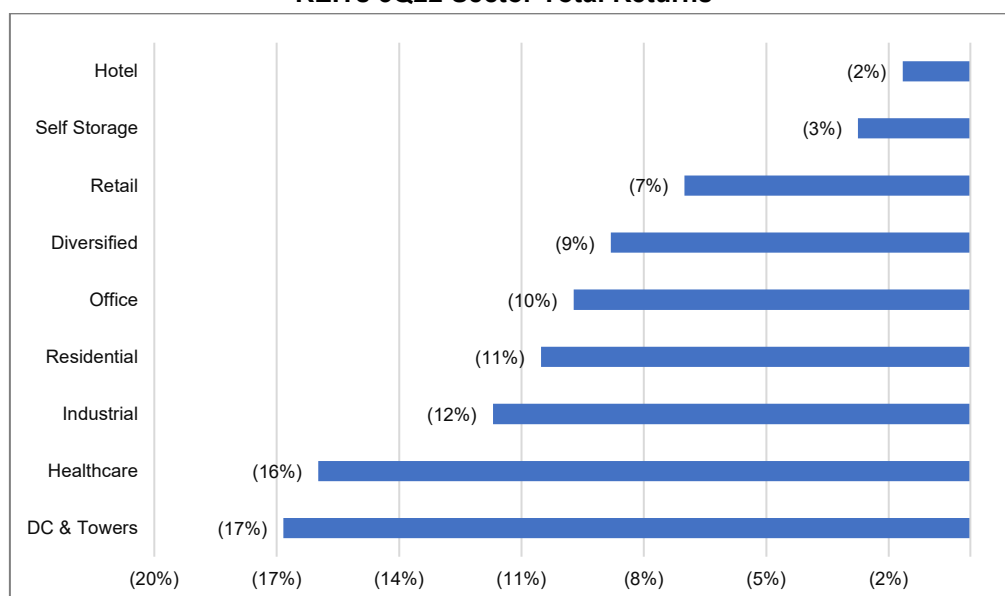


Source: Company data, RCL. Data is average of U.S. multifamily REITs inc. SFR REITs from 2017.

Listed Japanese real estate was a relative bright spot in terms of returns, in local currency terms at least, the market seemingly benefitting from rising, albeit modest, inflation and the Bank of Japan's (BoJ) commitment to maintain its yield curve control policy.

Meanwhile in Australia, A-REIT results in the quarter provided visibility on the earnings impact from the high levels of floating rate debt across the sector. As we noted last quarter, some A-REITs were caught short running up to 40% floating rate exposure lured by the RBA's pronouncements that it would not need to raise interest rates until 2024. A-REITs have therefore had to address the interest cost headwind earlier than other markets.

REITs 3Q22 Sector Total Returns



Source: Factset, RCL. Local currency

Turning to sector performance, consumer facing exposures including hotels, self-storage and retail property lead returns for the quarter. U.S. hotels continue to benefit from the normalisation in travel patterns as Covid concerns abate and cashed-up leisure travellers satiate their pent-up demand for holidays after two years of restrictions.

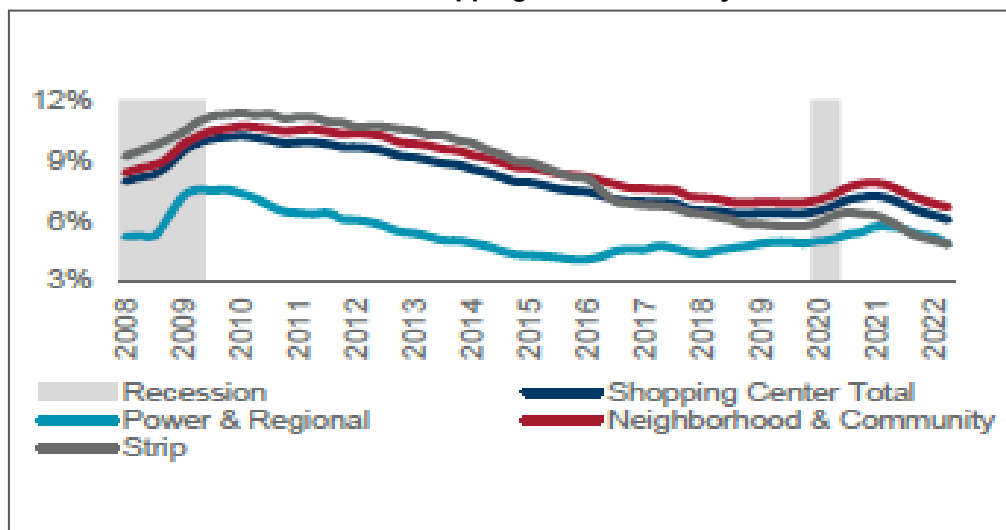
Whilst business travel is rebounding, to what extent it fully recovers remains an open debate, but in the near-term U.S. hotels are enjoying reasonable demand, pricing power and a lower supply outlook than they have faced in many years.

The self-storage sector performed well during the quarter as rent growth continues despite occupancy moderating and trading conditions normalising after the pandemic demand surge. Landlords continue to increase rates for existing customers, supporting overall portfolio rent growth despite normal seasonality returning to the business.

Retail finds its mojo

Shopping centre vacancy across the U.S. fell to 6.1% in the second quarter this year, the lowest level in 15 years according to Cushman & Wakefield. Notably this year is on track to be the first for net store openings across the U.S. since 2016. Rents are also increasing as more limited options for tenants tilts pricing power to landlords in certain markets.

2Q22 U.S. Shopping Centre Vacancy



Source: Costar, Cushman & Wakefield

In an unexpected twist the pandemic experience proved to help underscore the inherent benefits of well-located shopping centres, particularly their cost-effective distribution attributes. “Buy online and pick up in store” is the most profitable way for retailers to service their online customers. Digitally native brands (those that started their business online) such as Vuori, Warby Parker and Fabletics are opening stores as they experience a significant uplift in online sales and lower customer acquisition and delivery costs.

The renewed demand from retailers is occurring after an extended period of very little supply of new retail space. Unlike other property sectors there has been minimal net shopping centre floor space added since the GFC as on-line shopping accelerated and the market absorbed the oversupply added in the decades prior.

Whilst well located necessity-oriented shopping centres are enjoying their best operating conditions for some years, the test in the near-term will be the resilience of occupancy and income should the U.S. enter recession. In our view, while there are no doubt clouds on the horizon, landlords are better positioned than in prior crises. The pandemic experience has cleansed rent rolls of weaker retailers and replaced them with newer concepts and typically better capitalised operators. This should hold them in good stead as the economy slows.

In the mall sector, Unibail-Rodamco-Westfield (URW) sold a 49% stake in Westfield Santa Anita, a 1.48m sq ft mall in Arcadia, California, for US\$537.5m. We understand the deal was struck with a local private investor on a low 7% cap rate and a 10.7% discount to the latest unaffected appraisal. Notably this transaction is the largest mall sale completed in the U.S. since 2018. The deal is a positive albeit small step for URW in its attempt to exit the U.S. mall business to reduce leverage and refocus on Europe. With the cost of debt increasing and the CMBS market for retail effectively shut we believe it will be difficult for URW to meet its sale aspirations under current market conditions. Hence, we remain on the sidelines in assessing the merits of this stock.

Temporary sick leave

Healthcare real estate underperformed and was the weakest sector for the quarter, reversing its positive contribution over the first half of the year. This warrants further explanation given these less economically sensitive portfolios should prove more resilient during periods of economic duress.

U.S. medical office REIT, Healthcare Realty (HR) closed its merger with Healthcare Trust of America (HTA). The transaction created the largest medical office REIT in the U.S. with an US\$18bn portfolio. As part of the transaction HR has outlined an asset sale and debt reduction program which comes with risk of execution. While not an optimal outcome HR's balance sheet, ~35% Debt / GAV and 6.5x Net Debt / EBITDA has sufficient capacity to fund any shortfall. As a result of the increasing execution risks, HR underperformed for the quarter.

Tech REITs

Noting the poor performance of the NASDAQ, perhaps investors were concerned about increasingly scarce capital impacting the volatile tech sector as data centre REITs were among the worst performers for the quarter. U.S. REIT Digital Realty Trust (DLR) was hit particularly hard, delivering a total return of -22.8% in local currency terms.

Tough shedding

Logistics REITs were jolted in the quarter by underwhelming results from global logistics operator FedEx. The company withdrew guidance as global volumes declined as macroeconomic trends *"significantly worsened later in the quarter, both internationally and in the U.S"*. While some analysts believe some of the issues are specific to FedEx, the gloomy commentary ignited concerns of a slowdown in global demand.

While demand indicators may be weakening, infill logistics landlords continue to enjoy reasonable pricing power with many having significant rent reversion (rents on future new leases higher than existing contracted rents) to be harvested in the coming years. Nevertheless, the sector is not completely immune to the increase in finance costs and the threat of a recession, with anecdotal evidence suggesting logistics values are softening after several years of extraordinary growth.

As a result of expected declining asset values, industrial REIT Prologis (PLD) warned that it would not likely meet its 2022 earnings guidance in respect of performance fees that it had previously expected in one of its European unlisted property funds. For context, PLD is still guiding to 11% underlying earnings per share growth excluding performance fees, and recently increased its dividend by 25%.

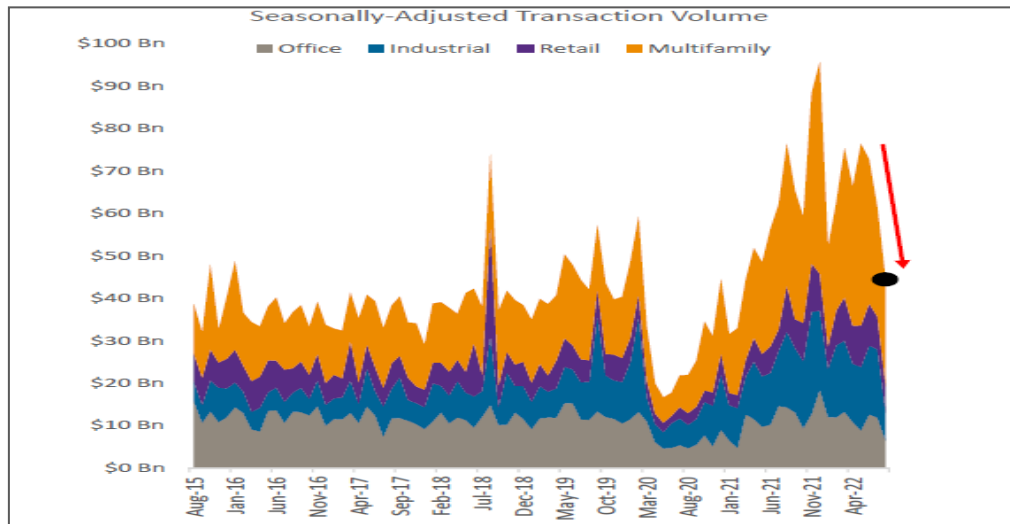
In somewhat of a vote of confidence for European markets, PLD bolstered its European urban logistics portfolio with an acquisition on behalf of its open-ended vehicle PELF. The portfolio of 128 buildings and 6 development assets located in prime European cities was acquired from Crossbay for €1.6bn or €129 per sq ft and an initial yield of approximately 4.4%. However, the vote of confidence came with a rider. The value reportedly reflects a 6% discount compared to the price expectation when the exclusivity period began in June.

Leaving the tent

Real estate transaction volumes are moderating as rising interest rates, reduced availability of debt finance and buyer caution drives wide bid-ask spreads. As is common at times of market dislocation, bidding tents thin rapidly as debt availability declines and buyers await clarity on their cost of capital and reassess underwriting criteria. We expect volumes to continue to trend lower in the coming months based on our discussions with REIT management teams and brokers across various markets.

The reduction in transaction liquidity and pricing poses the greatest problems in Europe where several highly leveraged REITs have turned to asset sales in an attempt to reduce leverage and stabilise balance sheets including Swedish Diversified REIT SBB (SBB), German residential landlords, Adler (ADL), LEG Immobilien (LEG) and Vonovia (VNA) and German diversified REIT, Aroundtown (AT1). While a number of transactions were completed, cancelled transactions or reduced pricing, point to more difficult times ahead.

U.S. Transaction Volumes US\$



Source: Real Capital Analytics, JP Morgan Research

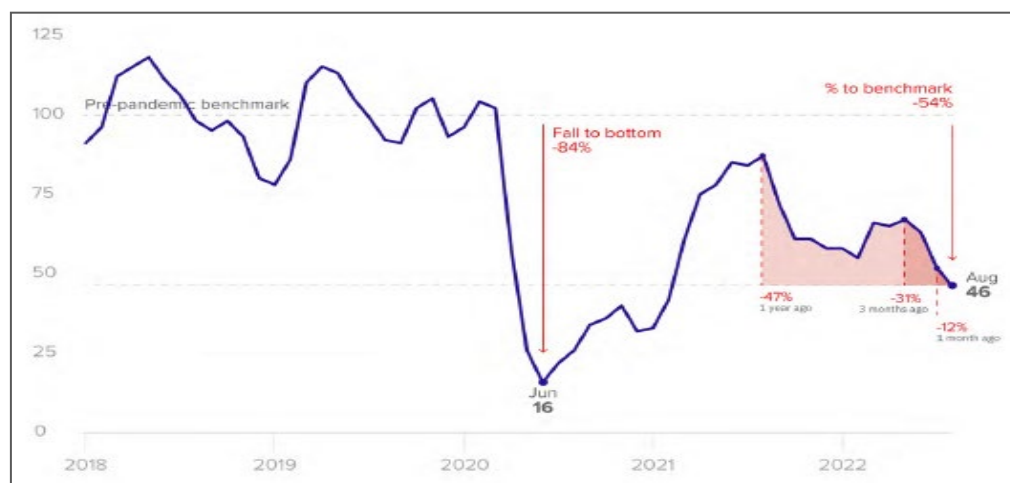
Other transactions that did complete have been repriced such as the sale of 21 Moorfields by Landsec (LAND) to a vehicle managed by Lend Lease (LLC). While positive the deal completed despite the UK ructions, the pricing points to a deterioration even for long-leased new office buildings. The 568k sq ft asset, soon to be completed is substantially let to Deutsche Bank on a 25-year lease but the £809m price tag was 9% below LAND's March 2022 book value and reportedly some £150m lower than the initial bids. The deal reflected a 4.4% net initial yield and £1,423 psf (A\$26,900 psm).

Waiting for Godot

The challenges for the office sector extend beyond declining values as the much-vaunted return to the office once again failed to materialise in the quarter. Office utilisation in the U.S. remains less than half pre-pandemic levels as the substitution effect of work-from-home continues. Despite pandemic related restrictions being all but gone in most office locations outside of Asia, office utilisation remains low and is beginning to look more enduring as behavioural patterns become entrenched. A ping pong table and free fruit do little to offset the cost and time of commuting for many office workers.

Forward indicators of office demand weakened in the quarter. According to VTS's office demand index, which claims to have visibility on 99% of new tenant requirements in the markets it serves, demand is now running at less than half the pre-pandemic baseline.

U.S. National VTS Office Demand Index



Source: VTS

While office valuations in the listed market have declined materially (excluding Japan), the prospect of recovery in tenant demand sufficient to reduce elevated vacancy and provide landlords any degree of pricing power seems a distant prospect for all but the highest quality assets.

Going Dutch

It would appear REIT investors in the Netherlands will soon be expected to pay their share, of tax that is. During the quarter the Dutch cabinet announced a proposal to effectively end the Dutch REIT regime in 2024 with REITs to be taxed at the corporate tax rate of 25.8%. This is not the first time the REIT regime has been in the crosshairs. In 2018 REIT tax status also was reviewed but ultimately the decision was to leave the regime unchanged

Should the proposal proceed, it will impact both listed REITs in the Netherlands and European REITs with activities in the country which benefit from the regime. It will particularly impact Dutch-focussed REITs including NSI NV (NSI), Wereldhave (WHA) and Vastned Retail (VSTN). The impact to Portfolio holdings is relatively minor, with Cofinimmo (COFB) and Warehouses De Pauw (WDP) having already confronted the issue last year when they commenced accruing tax expense on their Dutch income. For European retail landlord Klepierre (LI) it will be immaterial given <5% exposure in the country.

Summer touring

During the quarter we travelled across the U.S., meeting with companies and visiting assets in New York, Washington DC, Boston, Austin and San Francisco. Our travels confirmed that leasing market conditions are generally holding up, however investment markets are weakening as capital becomes increasingly expensive and scarce. Transaction volumes have stalled, and discussions indicated the bid-ask spread on transactions has widened with yields reported to be increasing by 25 to 100bps.

Central Business Districts are noticeably busier than they have been in more than two years. Even San Francisco was buzzing on a Friday, however this was attributable to the return of the Salesforce convention known as 'Dreamforce' which attracted 40,000 'live' attendees, despite being also available on-line. Nevertheless, office leasing market conditions remain difficult. Sublease space in the city peaked at 9 million sq ft last year, then began to improve to 6 million sq ft earlier this year but has deteriorated again to 8 million sq ft.

Multifamily landlords in San Francisco and the Bay Area have yet to see an impact from the reported slowdown in the tech industry. Occupancy remains solid at above 95%, with larger units continuing to prove more popular as an enduring impact from Covid. Rent increases in the order of 10% are being achieved. Affordability is marginally increasing as a reason for tenants moving out from more expensive units in downtown locations, with landlords attributing this to tenants having opportunistically traded up when rents were discounted during the worst of Covid lockdowns.

Finance professionals are returning to the office with more vigour than tech workers. Most office landlords we met with cited office utilisation peaking at around 60% mid-week, but Mondays and Fridays remain lower.

Austin, Texas has consistently ranked amongst the highest cities in the (often quoted, but widely questioned by landlords) Kastle Back to Work Barometer survey. Nevertheless, our visit to Austin highlighted that tech-tenants remain uncertain about their office needs. Austin was one of the fastest growing large metro areas in the U.S. in the decade to 2020, with the population increasing by almost one-third. Drawn to the quality of life and relatively low cost of living, tech workers in particular flocked to the city.

In rosier times, Google and Meta committed to lease two brand new office buildings in downtown Austin. Both buildings recently completed but remain unoccupied by their rent-paying tenants. More telling, neither firm have commenced internal fit-out works – a process which typically takes months, indicating a lack of urgency for the much-hoped-for return to office post Labor Day. All the more concerning is the fact that these two buildings account for approximately 10% of the (relatively small) downtown Austin office market.

U.S. Office Utilisation



Source: Kastle Systems

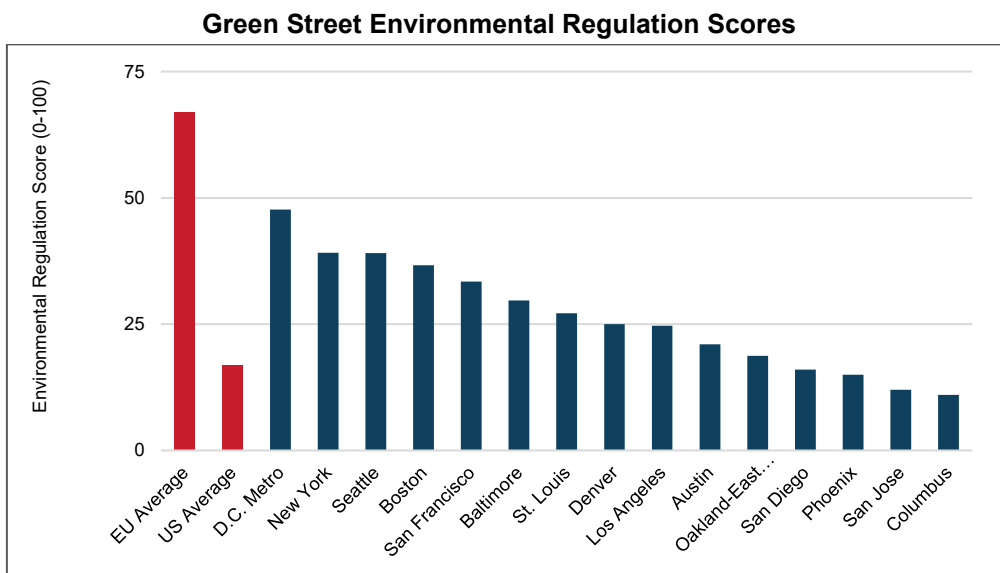
While in Boston we attended the investor day held by office REIT Boston Properties (BXP). We share the view espoused by management that the best quality office buildings will fare better than the overall office market, as tenants continue to trade-up in an attempt to attract talent and encourage a return to the office. BXP believes that, for their portfolio, the greater risk lies in the economy rather than the work-from-home dynamic – we tend to agree but prefer to stay on the sideline as the economy cools.

ESG – Carbon Emission Reduction Regulations gather steam

The EU is well known for having more stringent green building, carbon emissions reduction and energy efficiency regulations than many regions, particularly the U.S. In an analysis of environmental regulations, real estate research firm Green Street Advisors has ranked this difference in environmental requirements for major cities and sectors in the EU and the U.S., showing the vast difference in requirements in these markets. While companies in the EU are facing more stringent requirements, these have been largely built into their operational plans and REITs are typically well prepared, compared to many private landlords. The rankings are shown in the chart below.

Although, at the Federal level, the U.S. is significantly behind the EU in moving towards emissions reduction related regulations, at the State and municipal levels it is a different story. Recent examples of regulations that have been enacted to reduce carbon emissions include the Californian ban on the sale of gas heaters, furnaces and water heaters by 2030, the New York City requirement to monitor embodied carbon in construction and the City of Boston proposal for buildings over 20k sq.ft. to achieve LEED Gold and operate at net-zero carbon.

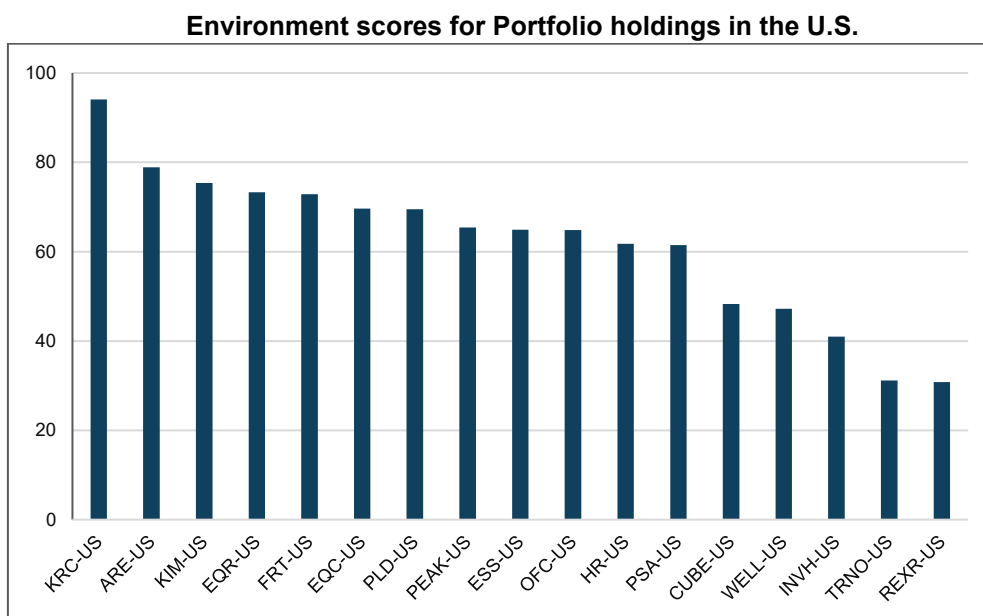
Another harbinger of increasing regulations is the coverage of emissions reduction or energy efficiency requirements for municipal buildings. In many other global markets, such as the EU, Japan and Australia, green building requirements initially cover public buildings and then extend to commercial properties. So even if not in place currently, companies that are not preparing for these regulations could be caught out when they are implemented.



Source: Green Street

NB: The Environmental Regulation Score is 0 – 100. It measures the number and stringency of emissions reduction related regulations.

Using the Environment component of a company's GRESB score can indicate a company's potential readiness for increasing green building and emissions reduction regulations. The U.S. based companies in the ResCap Portfolio with published GRESB scores are shown below, with the lower scoring companies potentially showing a lower readiness for increased energy efficiency and carbon reduction building regulations.



Source: Company disclosure, GRESB, Resolution Capital

Conclusion and Outlook

The commitment of central banks around the world to stamp out inflation remains the central issue for investment markets. The magnitude of interest rate increases and the resultant demand destruction will determine the extent of the economic slow-down and its impact on financial markets including real estate.

Listed real estate has moved swiftly to discount the significant shift in capital markets. Current prices imply a ~20% decline in underlying property values. The quality of tenant credit and the resilience of income will influence the degree to which listed markets face further pressure.



Ironically part of the sell-off/volatility experienced by REITs has been accentuated by the lack of liquidity in private equity / unlisted funds: in light of the change in policy settings, investors have raised cash levels by selling what they can. Whilst such volatility can be unnerving the reality is REITs are serving their purpose, providing transparency and, more importantly, timely liquidity for those in need. Ultimately value and price will converge.

The seismic shift in debt markets has again brought REIT balance sheets to the fore and will be a key differentiator in the return outlook for REITs. Those who resisted the temptation to increase leverage in the recent years of abnormally low interest rates are better positioned to face the adjustment in asset values and finance costs. In the near-term the impact will be felt most acutely by those REITs with high floating rate debt and short-term debt maturities.

Not unique to real estate, the challenge facing the sector is the extent to which rental growth can offset the earnings dilution from higher finance costs. With the exception of the office sector, tenant demand has thus far proven resilient. Occupancy remains high and rents are increasing, albeit decelerating from the post-pandemic surge. Provided tenant credit remains sound the benefits of REITs' contractual income in more challenging economic conditions should begin to shine.

Real estate cycles usually come to an end with either too much debt or too many cranes, the extent of which determines the depth of the downturn. At this point in time, we see limited evidence of widespread meaningful excess and coupled with rising replacement costs should provide a supportive back drop for competitive real estate returns over the medium term.



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Fees are outlined in the relevant Sub-Fund supplement available from the Investment Manager's website.

The Sub-Funds are valued using the prices of underlying securities prevailing at 11pm Irish time the business day before the dealing date. Prices are published on the Investment Manager's website. A summary of investor rights can be obtained, free of charge at www.nedgroupinvestments.com.

Distribution : The prospectus, the supplements, the KIIDs, constitution, country specific appendix as well as the annual and semi-annual reports may be obtained free of charge from the country representative and the Investment Manager.

Switzerland: the Representative is ACOLIN Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich, whilst the Paying agent is Banque Heritage SA, Route de Chêne 61, CH-1211 Geneva 6. Nedgroup Investments (IOM) Limited is affiliated to the Swiss ombudsman: Verein Ombudsstelle Finanzdienstleister (OFD), Bleicherweg 10, CH-8002 Zurich.

U.K.: Nedgroup Investment Advisors (UK) Limited (reg no 2627187), authorised and regulated by the Financial Conduct Authority, is the facilities agent. The Fund and certain of its sub-funds are recognised in accordance with Section 264 of the Financial Services and Markets Act 2000.

Isle of Man: The Fund has been recognised under para 1 sch 4 of the Collective Investments Schemes Act 2008 of the Isle of Man. Isle of Man investors are not protected by statutory compensation arrangements in respect of the Fund.

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