NEDGROUP INVESTMENTS

see money differently

Nedgroup Investments Global Flexible Fund

Quarter Two, 2023

Marketing Communication

Nedgroup Investments Global Flexible Fund

The following commentary was produced by the sub-investment manager, First Pacific Advisors, LP ("FPA").

USD performance to 30 June 2023	Nedgroup Investments Global Flexible[1]	MSCI World	S&P 500
3 months	5.9%	6.8%	8.7%
1 year (p.a.)	14.5%	18.5%	19.6%
5 years (p.a.)	6.6%	9.1%	12.3%

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

Overview

The Nedgroup Investments Global Flexible Fund ("the Fund") gained 5.9% for the quarter and 14.5% for the trailing twelve months. The Fund captured 78.3% of the MSCI World's gain in the trailing twelve months, outperforming its own 68.9% average net risk exposure.[2]

Below you can see the Fund's performance along with various relevant indexes.

Exhibit A: **Net Performance versus Illustrative Indices[3]**

	Q2 2023	Trailing 12 months
Nedgroup Global Flexible Fund	5.9%	14.5%
MSCI World	6.8%	18.5%
MSCI ACWI	6.2%	16.5%
S&P 500	8.7%	19.6%
60% MSCI ACWI NR USD/ 40% Bloomberg US Agg	3.4%	9.4%
60% S&P 500 / 40% Bloomberg US Agg	4.9%	11.2%

Portfolio discussion

There wasn't a unifying theme that drove performance in the last year. In the previous twelve months, the Fund's top five performers contributed 5.9% to its return, while its bottom five detracted 1.6%.

[1] Source: Morningstar (monthly data series). Reflects the net USD return for the Nedgroup Investments Global Flexible Fund, C class. Source for MSCI and S&P 500 Morningstar

[2] Risk assets are any assets that are not risk free and generally refers to any financial security or instrument, such as equities, commodities, high-yield bonds, and other financial products that are likely to fluctuate in price. Risk exposure refers to the Fund's exposure to risk assets as a percent of total assets. The Fund's net risk exposure as of 30 June 2023 was 68.1%.

[3] Comparison to the indices is for illustrative purposes only. The Fund does not include outperformance of any index or benchmark in its investment objectives. An investor cannot invest directly in an index.

Past performance is no guarantee, nor is it indicative, of future results.

Exhibit B: **Trailing Twelve-Month Contributors and Detractors as of 30 June 2023**[4]

Winners	Performance contribution	Ave. weight	Losers	Performance contribution	Ave. weight
Holcim	1.7%	3.2%	Intl.Flavors & Fragrances	-0.5%	1.9%
Meta Platforms	1.3%	1.8%	Charter Communications	-0.5%	1.7%
Broadcom	1.1%	1.9%	Open Text	-0.2%	0.2%
Analog Devices	1.0%	3.0%	Herbalife	-0.2%	0.3%
Netflix	0.8%	0.8%	Alibaba & Altaba	-0.2%	0.5%

Of the contributors and detractors listed, we haven't recently addressed Open Text and Broadcom. We have discussed most of the other positions in our previous commentaries over the last year.

Open Text was a relatively short-lived holding in comparison to our typical time frame. We were attracted to this Canadian-based provider of enterprise software due to its stable revenue stream. More than 80% of Open Text's revenue was recurring, which helped deliver attractive mid-30s EBITDA margins. We considered the business to have a sticky customer base that included 97 of the 100 largest companies in the world. Purchased at a low double-digit multiple to after-tax free cash flow, we expected to own the company for years, with capital deployment going towards dividends, buybacks, and small bolt-on acquisitions, as it had in the past. Unfortunately, to our surprise, while we owned the stock, Open Text announced a relatively large acquisition in the form of UK-based Micro Focus.[5] Familiar with the target, we were unenthused about both the asset and increased debt on the balance sheet from funding the purchase, so we chose to exit stage left rather than try to re-write our investment thesis.

In contrast to our short-lived ownership of Open Text, **Broadcom** has been a holding for just short of five years. At the time of our original purchase, the company was primarily focused on driving organic growth in its existing semiconductor franchises and acquiring new ones when the opportunity presented itself. As potential acquisition candidates in the industry became scarce, management, led by highly regarded Hock Tan, pivoted to set their sights on the software industry, culminating in several acquisitions. Unlike Open Text, in this instance, after multiple discussions with senior management, we found ourselves comfortable with the company's new strategy after re-examining the investment implications. We are glad we did, as it would be an understatement to say that Broadcom has gone from strength to strength over the past five years, improving operating margins, aggressively repurchasing shares, and increasing the dividend, all the while continuing to execute its M&A strategy flawlessly.

"Risk on" in 2023 has replaced the fear that drove markets lower in 2022. How much of this rebound will ultimately be supported by corporate earnings has yet to be seen. While there is always something to fear, we prefer to focus on the future prospects of the businesses we own. Focusing on the destination makes the big potholes in the road feel more like small speed bumps and prevents us from executing panicked driving manoeuvres.

Looking back at the past 18 months, there was certainly no shortage of opportunities to take down risk exposure as macro concerns, from interest rates to war, seemed to grow by the day. However, we attempted to lean into the market and add to either new or existing names where our estimates of the risk/reward improved with each leg down. While we will never get it perfectly right, using the MSCI ACWI as a proxy, in the downturn from January 5, 2022 through the market low of October 12, 2022, the Global Flexible Fund experienced a drop in

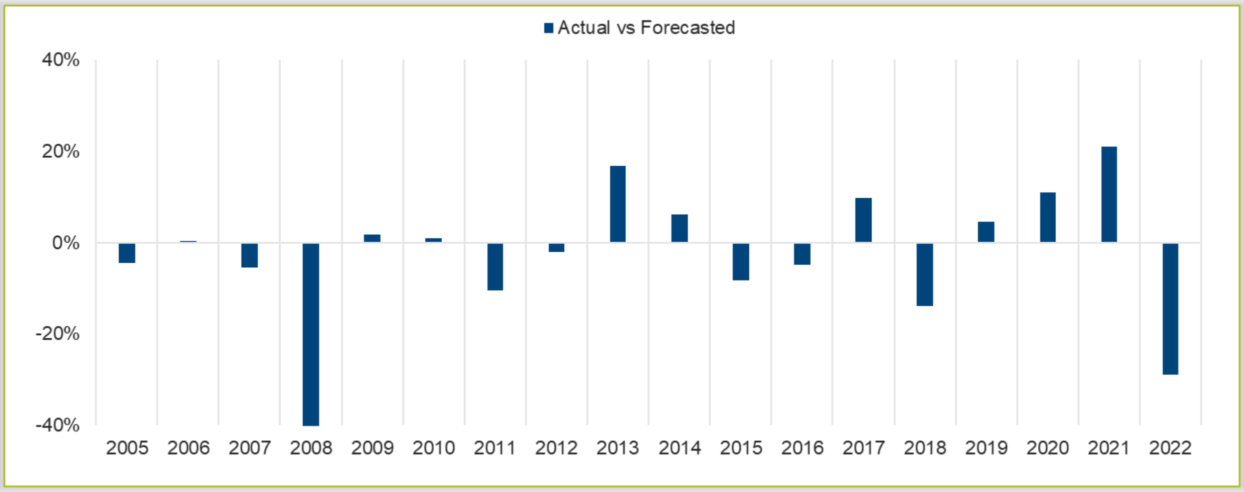
[4] Reflects the top five contributors and detractors to the Fund's performance based on contribution to return for the trailing twelve months through 30 June 2023. Contribution is presented net of investment management fees, transactions costs, and Fund operating expenses using the fees and expenses of the Fund's Class C shares. The information provided does not reflect all positions purchased, sold or recommended by FPA during the period. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities listed.
[5] Source: www.investors.opentext.com/press-releases; OpenText to Acquire Micro Focus International plc; August 25, 2022.

Past performance is no guarantee, nor is it indicative, of future results.

value of 18.8%. While not ideal, this was more palatable than the ACWI's 26.4% decline in the same period. The Fund's recovery to the end of the June 2023 also sees us ahead of the ACWI at -2.4% vs -7.4% for the Fund and ACWI respectively.[6]

Looking forward, we do not offer a market forecast or make predictions about interest rates, the economy, or other significant macro issues because we don't know anyone who can do so consistently (ourselves included). We submit the following to show the futility of forecasting. In the last eighteen years, the consensus view only expected the market to increase, yet it declined 22% of the time. Further, the Wall Street consensus estimate of how the S&P 500 will perform (ex-dividends) in the next twelve months, for each calendar year from 2005 to 2022, usually missed the mark, often by quite a lot: 53.6% and 28.9% too high in 2008 and 2022 respectively; and 16.9% and 21.0% too low in 2013 and 2021. On average, the "experts" missed by 11.4%, quite a lot, particularly when compared to the S&P's 6.6% annualized return (before dividends). We therefore direct our efforts from the bottom up rather than the top down.

***Exhibit C:* Wall Street Analysts' S&P 500 Forecasts**[7]



Nedgroup Investments Global Flexible Fund – 10 years on

June 2023 marks the 10-year anniversary of FPA managing the Global Flexible fund on behalf of Nedgroup Investments. We are pleased the Fund has met its goal of generating equity-like returns over the long-term, achieving this favourable track record by focusing on a margin of safety, which meant shunning, at times, investments that may have been temporarily in favour.

More specifically, over this period, the Global Flexible Fund has exposed investor capital to less risk than the equity market, on average, generating 70% of the MSCI World's wealth creation while "risking" less than 65% of the dollars invested in the Fund. Reducing risk further, the Fund has avoided any meaningful interest rate exposure.

For those who prefer less up and down, especially when price moves precipitate an often-inappropriate action – buy or sell, we believe Global Flexible's mandate is as relevant to investors today as it was when we partnered with Nedgroup Investments to manage the Fund in 2013. Though we don't know what the next 10 years hold, we strive to continue to offer a similar investor experience. This last decade has given us surprises and market excess such as the recent pandemic. We will be surprised, but probably not astonished, in the future. We promise to remain thoughtful and calm as we continue to steward your capital, traits that allow us to lean in when there's the opportunity and tilt away when there is none, like when we increased risk exposure during Covid, but reduced it in the preceding periods.

---

[6] The recovery performance noted is for the period January 5, 2022 through June 30, 2023.

[7] Source: Bloomberg; Chart shows Bloomberg analyst estimates and actual S&P 500 price returns excluding dividends. Chart period is 2005-2022.

Past performance is no guarantee, nor is it indicative, of future results.

We would like to think we have pushed each other to evolve and stay relevant and that our continuing education is far from over. However regardless of the times, we think sensible optimism mixed with a dash of prudence will never go out of fashion, even if our haircuts may.

Thank you for entrusting us with your capital since 2013, but as we say goodbye to the past, we look forward to what the future holds.

Respectfully submitted,

FPA Contrarian Value Portfolio Management Team

DISCLAIMER

This is a marketing communication. Please refer to the prospectus, the key investor information documents (the **KIIDs/PRIIPS KIDS**) and the financial statements of Nedgroup Investments Funds plc (the **Fund**) before making any final investment decisions.
These documents are available from Nedgroup Investments (IOM) Ltd (the **Investment Manager**) or via the website: www.nedgroupinvestments.com.

This document is of a general nature and intended for information purposes only, it is not intended for distribution to any person or entity who is a citizen or resident of any country or other jurisdiction where such distribution, publication or use would be contrary to law or regulation. Whilst the Investment Manager has taken all reasonable steps to ensure that this document is accurate and current at the time of publication, we shall accept no responsibility or liability for any inaccuracies, errors or omissions relating to the information and topics covered in this document.

The Fund is authorised and regulated in Ireland by the Central Bank of Ireland. The Fund is authorised as a UCITS pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 as amended and as may be amended, supplemented, or consolidated from time-to-time and any rules, guidance or notices made by the Central Bank which are applicable to the Fund. The fund is domiciled in Ireland. Nedgroup Investment (IOM) Limited (reg no 57917C), the Investment Manager and Distributor of the Fund, is licensed by the Isle of Man Financial Services Authority. The Depositary of the Fund is Citi Depositary Services Ireland DAC, 1 North Wall Quay, Dublin 1, Ireland. The Administrator of the Fund is Citibank Europe plc, 1 North Wall Quay, Dublin 1, Ireland.

The sub-funds of the Fund (the **Sub-Funds**) are generally medium to long-term investments and the Investment Manager does not guarantee the performance of an investor's investment and even if forecasts about the expected future performance are included the investor will carry the investment and market risk, which includes the possibility of losing capital.

The views expressed herein are those of the Investment Manager / Sub-Investment Manager at the time and are subject to change. The price of shares may go down as well as up and the price will depend on fluctuations in financial markets outside of the control of the Investment Manager. Costs may increase or decrease as a result of currency and exchange rate fluctuations. If the currency of a Sub-Fund is different to the currency of the country in which the investor is resident, the return may increase or decrease as a result of currency fluctuations. Income may fluctuate in accordance with market conditions and taxation arrangements. As a result an investor may not get back the amount invested. Past performance is not indicative of future performance and does not predict future returns. The performance data does not take account of the commissions and costs incurred on the issue and redemption of shares.
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/ PRIIPS KIDS, 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. The Investment Manager may decide to terminate the arrangements made for the marketing of its collective investment undertakings in accordance with Art 93a of Directive 2009/65/EC and Art 32a of Directive 2011/61/EU.

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.
Germany: The Fund's Facilities agent in Germany is Acolin Europe AG, with the registered office at Reichenaustraße 11a-c, 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.
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.

NEDGROUP INVESTMENTS CONTACT DETAILS
Tel: toll free from South Africa only 0800 999 160
Email: helpdesk@nedgroupinvestments.com
For further information on the fund please visit: www.nedgroupinvestments.com

OUR OFFICES ARE LOCATED AT
First Floor, St Mary's Court
20 Hill Street, Douglas
Isle of Man
IM1 1EU

Issue Date
10 August 2023