NEDGROUP INVESTMENTS

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Quarterly review

Nedgroup Investments Core Global Fund

Marketing communication

As at 31 March 2025

Equity and Bond Markets Start the Year on a Positive Note Amid Volatility

Equity and bond markets began 2025 positively despite volatility, with US technology stocks underperforming due to the release of China's advanced AI model, causing significant losses for Nvidia. Oil prices rose due to geopolitical tensions and cold weather, while US inflation data showed mixed signals. European and Asian markets performed better, supported by policy measures and geopolitical developments, while sovereign bond markets and gold saw gains amid global economic uncertainties. Over the quarter, the Nedgroup Investments Core Global Fund decreased by -0.8%.

The table below compares an investment in the Nedgroup Investments Core Global Fund to US bank deposits (cash) and its growth target over various time periods. For every $10 000 invested in the Nedgroup Investments Core Global Fund at inception (16 November 2015), you would have $18 569 at the 31st of March 2025. This is better than the $12 192 you would have achieved had you invested your money in US bank deposits (cash) over the same period. The green circle in the chart below, highlights the recent market recovery, which helps to contextualise the returns experienced in the past few years.

(Past Performance is not indicative of future performance and does not predict future returns)

	Value of $10,000 investment in Nedgroup Investments Core Global Fund versus US Cash[1]					
	3 Months	1 Year	3 Years	5 Years	7 years	Inception 16 November 2015
Growth of fund (after fees) ***(Growth in %)***	$9 924 *-0.8%*	$10 570 *5.7%*	$11 153 *3.7% p.a.*	$16 052 *9.9% p.a.*	$15 288 *6.3% p.a.*	$18 569 *6.8% p.a.*
Growth of US Cash ***(Growth in %)***	$10 107 *1.1%*	$10 499 *5.0%*	$11 377 *4.4% p.a.*	$11 423 *2.7% p.a.*	$11 941 *2.6% p.a.*	$12 192 *2.1% p.a.*
Growth target (EAA Fund USD Aggressive Allocation) ***(Growth in %)***	$9 925 *-0.8%*	$10 398 *4.0%*	$11 003 *3.2% p.a.*	$15 430 *9.1% p.a.*	$14 106 *5.0% p.a.*	$16 441 *5.4% p.a.*

Source: Morningstar

(Past Performance is not indicative of future performance and does not predict future returns)

Source: Morningstar

Since the inception of the Nedgroup Investments Core Global Fund, it has delivered returns in excess of US cash. However, it is to be expected that occasionally there will be periods where the Fund does not beat US cash over 5 years. Over the long term[2], a portfolio such as Nedgroup Investments Core Global Fund would have delivered a higher return than US cash approximately 64% of the time over any 5-year period.

1. We used the ICE Bank of America 3-month deposit rate for US cash returns
2. Based on Global market returns from 1997 to 2018 (source Morningstar) using the same long-term equity allocation and fees.

Economic and market review

The year 2025 began with a positive outlook for both equity and bond markets, despite elevated levels of volatility. However, US equity markets underperformed compared to other developed markets, primarily due to a significant downturn in technology stocks. This was triggered by the release of the latest Chinese artificial intelligence model, DeepSeek, which demonstrated greater efficiency at a lower cost, utilizing fewer advanced chips than current US industry leaders.

One of the most notable impacts was on Nvidia, a leading chip-maker, which experienced a staggering loss of nearly $600 billion on January 27th, marking one of the largest one-day drawdowns in US market history. Although Nvidia managed to regain some stability, it still ended the month with a 10.6% loss. The technology sector, which has been trading at high valuations due to the anticipated future earnings from artificial intelligence and other technological advancements, faced significant pressure.

Sanctions on Russia and Iran by the US, coupled with cold weather in the Northern Hemisphere, led to a rise in oil prices in January. President Trump, during his address at the World Economic Forum, urged OPEC members to reduce oil costs, which resulted in some price retracement. Oil prices decreased by 4.7% in February due to increased supply from OPEC+ members and growth concerns following US tariff announcements on China, Canada, and Mexico. European gas prices fell by 17.2% as peace talks progressed.

Sovereign bond markets faced initial duress due to higher global bond yields and the implications of a new US administration. However, a downside surprise in US inflation and a sell-off in US technology shares alleviated pressure on bond yields. Tightening credit spreads drove positive returns across high yield and investment-grade markets, with the Bloomberg Global Aggregate Bond index returning 2.6%. Gold gained 19.0%, reaching new highs above $3000 an ounce. The US dollar depreciated by 3.2% in March, bringing the quarterly decline to 3.9%.

US inflation data continued to show mixed signals, with headline inflation rising to 3.0% year-over-year in January, above expectations, while core inflation edged up to 3.3%. The US Federal Reserve (US Fed) maintained policy rates, as anticipated by the market. Federal Reserve Chair Jerome Powell acknowledged the somewhat elevated inflation levels but omitted references to progress towards the 2% inflation target. He indicated the potential for an extended pause in policy adjustments, stating that the committee "does not need to be in a hurry to adjust our policy.

Inflation in the Euro area eased to 2.4% year-over-year in February, slightly above expectations. German elections saw high voter turnout and significant losses for centrist parties, with the Christian Democratic Union (CDU) needing to form a coalition government. UK inflation rose to 3.0% in February, with wage data showing upward pressure. The Bank of England cut interest rates by 25 basis points in February. Chinese inflation increased to 0.5% year-over-year, reflecting seasonal spending trends, while producer prices remained in deflationary territory.

The first quarter of 2025 has been marked by significant market volatility, driven by geopolitical developments, policy uncertainty, and mixed economic data. While technology stocks faced headwinds, other sectors and regions showed resilience, highlighting the complex and interconnected nature of global financial markets. Investors will continue to navigate these challenges, seeking opportunities amid the evolving landscape.

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The documents applicable to the fund are available from Nedgroup Investments (IOM) Ltd (the Investment Manager) or via the website: www.nedgroupinvestments.com.

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