



see money differently

A photograph of an open book with white pages, tied with a white string bookmark. The book is open to a blank page, and the pages are slightly curved. The background is a light, neutral color.

NEDGROUP INVESTMENTS MULTIFUNDS PLC

Quarterly Review
Quarter 4 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 December 2020

Asset class	Indicator	3 months	1 year	3 years	5 years	10 years
Equities	MSCI All Country World Index	14.7%	16.3%	10.1%	12.3%	6.0%
Property	FTSE EPRA/NA REIT Dev Property Index	13.5%	-8.2%	2.5%	4.7%	4.2%
Bonds	JPM Global Bond Index	0.1%	6.1%	5.4%	4.4%	2.8%
Cash	US 3-month deposits	0.0%	0.5%	1.6%	1.3%	0.5%
Inflation	US CPI	0.2%	0.9%	1.7%	1.9%	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 final quarter of 2020 was a remarkable period for investors, capping off the most extraordinary of years. Most asset classes posted gains, with the riskiest areas leading the way. Coming into the quarter, markets were a bit jittery on concerns about the US election, the lack of agreement on the second US stimulus package and the rapid spread of Covid-19 across Europe and the US. However, investors responded well to Biden's victory and the passing of the US elections, and cheered even louder as news filtered through about successful vaccine trials from Pfizer, Moderna and AstraZeneca. At last we could clearly visualise what the path back to normality looked like, even if the full vaccine rollout will take many months.

Economic data in the US and Europe generally came through on the weak side as the restrictions required to combat the second wave of Covid inevitably constrained activity through the quarter. Even so, financial markets looked through the dip towards the potential 2021 post-Covid recovery, with cyclical stocks and riskier debt leading performance across their respected asset classes.

Brexit negotiations more or less went to the wire, but on Christmas Eve the two sides announced that they had finally reached an agreement on their future relationship, which headed off the risk of a disruptive no deal end to the transition period on the last day of 2020.

Investors also took note of another agreement struck just before Christmas, as the US Congress finally approved the US\$900 billion economic relief package designed to help small businesses and low income families bridge the gap through to when the economy can return to a more normal footing.

With cash and government bonds offering so little these days, the search for yield drove investors towards equities, which helped the MSCI AC World Index rise an astonishing +14.7% when measured in US dollars. It was the riskier and more economically sensitive markets that took the lead, with Emerging Markets (+19.7%) and Asia ex Japan (+18.6%) the best performers, whilst the US (+13.0%) slightly lagged. The same was true at the sector level, with Energy (+24.3%) and Financials (24.1%) recovering strongly, whilst more defensive areas, such as Healthcare (+7.5%) and Consumer Staples (+7.5%), had a quieter time. In terms of style, Value (+16.8%) turned the tables on Growth (+31.1%), whilst Smaller Companies (+23.8%) outpaced Larger Companies (+14.7%).



Higher risk appetite and the search for yield was also apparent in fixed income. Whilst all sectors made positive gains, the best returns came in lower quality credit and emerging market bonds. Over the quarter, the JP Morgan Global Government Bond Index returned +0.1%, whilst a sharp tightening of credit spreads helped the ICE Merrill Lynch Global Corporate Investment Grade Index advance by +2.7%, the ICE Merrill Lynch Global High Yield Index by +6.6%, and the JP Morgan Emerging Market Bond Index by +5.5% (all hedged to dollars).

Hopes for economic recovery also provided a shot in the arm for commodities, as the Bloomberg Commodities Index rose +10.2%, led by Agriculture (+21.4%) and Crude Oil (+18.2%), although safe haven Gold (-0.4%) declined a little.

The most notable feature in the foreign exchange markets was the weakness of the US dollar. This was in part a reaction to the extra fiscal spending expected to result from the Biden / Democratic election victory, but it also reflected some selling of the US dollar in favour of riskier alternatives, such as emerging market currencies. Whilst the dollar slipped against advanced economy currencies, such as the euro (-4.1%) and pound (-5.5%), its underperformance against emerging market currencies was even more pronounced as it lost -12.3% versus the South African rand, -9.9% against the Mexican peso and -7.3% relative to the Brazilian real.

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



PART TWO: MULTIFUNDS' PERFORMANCE

All performance figures are as at 31 December 2020

Growth MultiFund

PERIOD	FUND USD %	Performance Indicator US LIBID 3 month +4%	FUND GBP %	Performance Indicator GBP LIBID 3 month +4%
3 months	11.4%	1.0%	8.0%	1.0%
1 year	6.1%	4.5%	3.3%	4.2%
3 years (annualised)	6.1%	5.7%	5.0%	4.5%
Since inception* (annualised)	6.7%	4.8%	6.9%	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	6.7%	0.5%	4.5%	0.5%
1 year	3.3%	2.5%	1.0%	2.2%
3 years (annualised)	4.5%	3.7%	3.2%	2.5%
Since inception* (annualised)	3.6%	2.8%	4.3%	2.5%

Income MultiFund Accumulating

PERIOD	FUND USD %	Performance Indicator US LIBID 3 month	FUND GBP %	Performance Indicator GBP LIBID 3 month
3 months	2.2%	0.0%	2.1%	0.0%
1 year	0.9%	0.5%	-0.3%	0.2%
3 years (annualised)	3.3%	1.6%	1.9%	0.5%
Since inception* (annualised)	3.4%	0.8%	3.1%	0.3%

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 had a strong quarter, rising +11.4% (US\$ C Class).

Overall, the equity exposures performed broadly in line with the market. The portfolio's sector exposure to Financial and Energy stocks (via Dodge & Cox Global Stock, +24.0%) and regional bias to emerging market stocks (via TT Emerging Markets Equity +24.2%) proved to be tailwinds for performance over the quarter. On the other hand, our more defensively positioned funds (Fundsmith Equity +10.2%, Morgan Stanley Global Brands +5.3% and Nedgroup Global Equity +11.5%) lagged the overall market following their strong third quarter.

All property holdings continued to recover from a difficult first half. Nedgroup Global Property advanced +6.7%, but lagged global REITs as a result of its lower exposure to the more virus impacted areas of commercial property. This was noticeable in the solid return of BMO Commercial Property (+25.3%), which received a further boost following its announcement that monthly dividends would be increased by 40% from their August level. The increased dividend equates to 70% of the regular dividend that was paid prior to it being suspended in April. Furthermore, positions in UK social care homes (via Impact Healthcare +12.2% and Target Healthcare +10.2%) were helpful, with both benefiting the government's commitment to protect care homes by making residents and staff a top priority for vaccinations. Both positions have worked really well in terms of defensive property exposure and reliable income having collected 100% of their rent.

In other areas, 3i Infrastructure delivered a pleasing return of +8.2% thanks to its strong balance sheet, robust underlying businesses and the board's re-iteration of dividend growth of +6.5% for the year to March 2021. Hipgnosis Songs also gained +6.7% following an increase in its NAV due to a fall in the discount rate used by their independent valuer. The decline in the discount rate reflects the growing investor demand for music royalties, and the improving quality of revenues as a result of the increased consumption of music through paid streaming.

The portfolio's renewable energy positions were mostly weak. John Laing Environmental Assets (-2.4%), Greencoat Renewables (-1.2%) and The Renewables Infrastructure Group (-5.3%), all fell largely on the back of several significant capital raises in the renewable infrastructure sector. The one exception was Greencoat UK Wind (+1.5%) which was marginally up after having underperformed in the prior quarter.

Asset-backed lending was more mixed. GCP Asset Backed Income (+7.4%) benefited from receiving exit fees on loans repaid early as well as all borrowers continuing to pay principal and interest on time despite the pandemic. In comparison, KKV Secured Loan Fund C-shares declined -8.5% following an announcement that it would be unable to publish its full year results to 30th June 2020 by the 31st December 2020 deadline, but would do so by January 31st 2021. With the C-Shares trading at a substantial discount, we continue to believe that the wind-down of the portfolio (which could involve a possible bid for the entire fund) will realise much more value than is currently being discounted by the market.

In terms of portfolio activity, we established a new position in Round Hill Music Royalty Fund (RHM). Round Hill Music is a UK listed investment trust, like Hipgnosis Songs Fund, that invests purely in the intellectual property rights of songs. The fund has a well-diversified portfolio, including many well-known stable revenue earning songs and is diversified across a variety of different types of music. Ultimately, we believe that Round Hill Music (as with Hipgnosis Songs Fund) is likely to deliver shareholders an attractive yield and total return, with the added benefit of being completely uncorrelated to other asset classes. In a second initiative, with the economic outlook improving we decided to add to our more cyclical equity holdings in equities (via Dodge & Cox Global Stocks and TT Emerging Markets Equity) and within bonds via (Muzinich and AXA Short Duration High Yield), whilst

reducing exposure to more defensive equities (Morgan Stanley Global Brands and Fundsmith Equity) and US government bonds in fixed income.

Balanced

The portfolio had a strong quarter, rising +6.7% (US\$ C Class).

Overall, the equity exposures performed broadly in line with the market. The portfolio's sector exposure to Financial and Energy stocks (via Dodge & Cox Global Stock, +24.0%) and regional bias to emerging market stocks (via TT Emerging Markets Equity +24.2%) proved to be tailwinds for performance over the quarter. On the other hand, our more defensively positioned funds (Fundsmith Equity +10.2%, Morgan Stanley Global Brands +5.3% and Nedgroup Global Equity +11.5%) lagged the overall market following their strong third quarter.

Within fixed income, the more "risk-on" environment and the tightening in credit spreads allowed the two sub-investment grade funds - Muzinich Short Duration High Yield (+3.1%) and AXA US Short Duration High Yield (+2.0%) as well as the higher quality, PIMCO Global Investment Grade Credit (+3.2%) to perform strongly. At the other end of the spectrum, Vanguard US Government Bond Index (-0.8%) produced a negative return as US government bond yields rose over the period.


All property holdings continued to recover from a difficult first half. Nedgroup Global Property advanced +6.7%, but lagged global REITs as a result of its lower exposure to the more virus impacted areas of commercial property. This was noticeable in the solid return of BMO Commercial Property (+25.3%), which received a further boost following its announcement that monthly dividends would be increased by 40% from their August level. The increased dividend equates to 70% of the regular dividend that was paid prior to it being suspended in April. Furthermore, positions in UK social care homes (via Impact Healthcare +12.2% and Target Healthcare +10.2%) were helpful, with both benefiting the government's commitment to protect care homes by making residents and staff a top priority for vaccinations. Both positions have worked really well in terms of defensive property exposure and reliable income having collected 100% of their rent.

In other areas, 3i Infrastructure delivered a pleasing return of +8.2% thanks to its strong balance sheet, robust underlying businesses and the board's re-iteration of dividend growth of +6.5% for the year to March 2021. Hipgnosis Songs also gained +6.7% following an increase in its NAV due to a fall in the discount rate used by their independent valuer. The decline in the discount rate reflects the growing investor demand for music royalties, and the improving quality of revenues as a result of the increased consumption of music through paid streaming.

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Income

The portfolio had a strong quarter, rising +2.2% (US\$ C Class).

Within fixed income, the more “risk-on” environment and the tightening in credit spreads allowed the two sub-investment grade funds - Muzinich Short Duration High Yield (+3.1%) and AXA US Short Duration High Yield (+2.0%) as well as the higher quality, PIMCO Global Investment Grade Credit (+3.2%) and Wellington Global Credit Plus (+3.0%) to perform strongly. At the other end of the spectrum, Vanguard US Government Bond Index (-0.8%) produced a negative return as US government bond yields rose over the period.

All property holdings continued to recover from a difficult first half. BMO Commercial Property (+25.3%), which received a further boost following its announcement that monthly dividends would be increased by 40% from their August level. The increased dividend equates to 70% of the regular dividend that was paid prior to it being suspended in April. Furthermore, positions in UK social care homes (via Impact Healthcare +12.2% and Target Healthcare +10.2%) were helpful, with both benefiting the government's commitment to protect care homes by making residents and staff a top priority for vaccinations. Both positions have worked really well in terms of defensive property exposure and reliable income having collected 100% of their rent.

In other areas, the small holding in high dividend paying UK stocks via the iShares UK Dividend ETF (+20.2%) was a tailwind for performance as UK stocks outperformed during the period. 3i Infrastructure delivered a pleasing return of +8.2% thanks to its strong balance sheet, robust underlying businesses and the board's re-iteration of dividend growth of +6.5% for the year to March 2021. Hipgnosis Songs also gained +6.7% following an increase in its NAV due to a fall in the discount rate used by their independent valuer. The decline in the discount rate reflects the growing investor demand for music royalties, and the improving quality of revenues as a result of the increased consumption of music through paid streaming.

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PART THREE: MARKET OUTLOOK

The successful creation and distribution of effective vaccines will be the “game changer” that should allow a return to a more normal economic environment as we move through 2021. However, in the short term, surging cases the continued need for social distancing and lockdown measures are bound to constrain economic activity in the early part of the year.

Inflation is likely to remain subdued, especially while the economy is soft. However, as demand and activity begin to pick-up, we may see a moderate rise in inflation. Even so, central banks are likely to leave monetary policies largely unchanged throughout the year, preferring to over-stimulate rather than risk tightening too soon.

Corporate earnings are likely to rise globally by as much as 25 to 30 per cent in 2021, albeit off a very low base. Companies in industries most impacted by Covid-19 (e.g. airlines, travel, leisure and retail), with weak balance sheets and cyclical earnings profiles should see the most marked recovery as economies reopen.

Politics should be less eventful, with the US election now decided and a Brexit deal finally agreed. When he takes office, we believe Biden will work to restore America's place in the world, healing the rifts left by Trump. However, he will also look to raise taxes, increase regulation and expand social welfare through an agenda that will be less friendly towards financial markets. Of course, the Brexit deal has provided greater certainty on some aspects of the future UK/EU relationship, even though it creates increased red tape and lingering questions around trade in services and Scottish independence.

With yields on high quality government bonds and cash likely to stay close to zero, and in some cases, negative, conditions in the fixed income market have become very difficult for investors. Government bonds offer little prospect of any meaningful return, whilst investments in longer dated government bonds carry a higher than normal risk of losing money. This has encouraged investors to seek out yield wherever it can be found. To our minds, the best risk adjusted fixed income returns are in US corporate bonds, especially those of shorter maturity, which offer a solid yield pick-up whilst also protecting against the potential of loss from an upward shift in yield curves.

With an improving outlook for economic activity and corporate earnings, we expect investor returns to be positive, but probably modest in 2021. Our somewhat restrained return expectations take into account valuations, which in many asset classes already appear quite full. This is especially the case in fixed income, which makes us believe that higher risk portfolios are likely to produce better return outcomes than lower risk portfolios (albeit with the likelihood of a bumpier ride).

We continue to manage portfolios across a balanced and diversified range of investment exposures. Within equities, we have a regional tilt towards the better value non-US markets, including Asia and emerging markets. In contrast, the bond portion of portfolios is biased towards the US market, where like-for-like yields tend to be higher than those available in Europe and Japan. This bias is expressed through a diversified mix of conventional investment grade and shorter dated high yield corporate bonds. In addition, we have exposure to listed property and a range of alternative investment trusts investing in renewable energy, high quality care homes, music royalties and essential infrastructure.

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 December 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	4.74	24.04	27.40	5.54	5.54	14.13	4.26	9.96
Fundsmith Equity Fund	Global Equity	US Dollar	3.74	10.38	22.13	21.16	21.16	25.55	15.01	16.68
iShares MSCI World	Global Equity	US Dollar	4.25	13.98	23.01	15.95	15.95	21.71	10.61	12.29
Morgan Stanley Global Brands	Global Equity	US Dollar	3.24	5.28	13.16	12.70	12.70	20.70	12.59	13.58
Nedgroup Global Equity Fund	Global Equity	US Dollar	1.67	11.58	19.84	13.30	13.30	20.83	11.40	12.06
Vanguard Global Stock Index	Global Equity	US Dollar	4.22	13.94	22.95	15.82	15.82	21.55	10.43	12.06
Allianz Global Small Cap Equity	Global Small Cap Equity	US Dollar	6.61	25.06	38.85	31.15	31.15	26.65	9.79	11.07
TT Emerging Markets Equity Fund	Global Emerging Markets Equity	US Dollar	10.56	24.17	37.45	19.18	19.18	21.73	6.23	15.50
Vanguard Emerging Markets Stock	Global Emerging Markets Equity	US Dollar	7.25	19.46	30.74	17.97	17.97	18.07	5.87	12.53
MSCI ACWI NR USD		US Dollar	4.64	14.68	24.01	16.25	16.25	21.32	10.06	12.26
Fixed Income - USD										
AXA US Short Duration High Yield	Short Duration High Yield	US Dollar	0.55	2.06	4.76	3.43	3.43	5.47	3.90	4.05
Muzinich Short Duration High Yield	Short Duration High Yield	US Dollar	0.82	3.14	6.43	3.77	3.77	5.51	3.92	4.18
PIMCO Global IG Credit	Global Corporate Debt	US Dollar	0.86	3.23	5.28	5.93	5.93	9.18	5.73	6.23
Wellington Global Credit Plus	Global Corporate Debt	US Dollar	0.52	3.03	4.89	10.40	10.40	11.15	7.10	6.72
Vanguard US Government Bond Index Fund	Government Bond Index	US Dollar	-0.22	-0.79	-0.68	7.74	7.74	7.09	4.93	3.52
iShares \$ Treasury Bond 1-3YR UCITS ETF	Government Bond Index	US Dollar	0.06	0.06	0.16	3.14	3.14	3.33	-	-
Bloomberg Barclays Global Aggregate USD H		US Dollar	0.31	0.89	1.62	5.58	5.58	6.89	5.15	4.49
Property - USD										
Nedgroup Global Property Fund	Global Property	US Dollar	2.82	6.70	9.01	-4.25	-4.25	8.87	3.15	-
iShares Developed Market Property Yield	Passive Tracker	US Dollar	3.70	13.36	15.31	-9.45	-9.45	5.07	1.32	3.95
FTSE EPRA NAREIT Developed TR USD		US Dollar	3.64	13.49	16.13	-8.18	-8.18	6.30	2.48	4.72
Property - GBP										
BMO Commercial Property Trust	UK Property	Pound Sterling	11.29	25.32	29.49	-28.34	-28.34	-16.36	-12.53	-5.86
Impact Healthcare REIT	Healthcare Property	Pound Sterling	3.81	12.23	17.31	7.23	7.23	8.84	8.26	-
Target Healthcare REIT	Healthcare Property	Pound Sterling	0.00	10.18	6.74	4.29	4.29	8.91	6.62	7.20
Other / Specialist - GBP										
Greencoat UK Wind	UK Renewable Energy	Pound Sterling	2.91	1.50	-3.98	-6.20	-6.20	8.46	8.42	10.15
John Laing Environmental Assets Group	UK Renewable Energy	Pound Sterling	0.57	-2.40	-0.57	-1.08	-1.08	10.31	7.52	8.22
The Renewable Infrastructure Group	UK Renewable Energy	Pound Sterling	1.11	-5.25	3.68	-2.88	-2.88	12.07	11.61	11.08
3i Infrastructure	Infrastructure	Pound Sterling	2.67	8.15	7.04	8.09	8.09	12.70	15.77	15.67
KKV Secured Loan Fund - C Shares	Asset Financing	Pound Sterling	-17.02	-8.48	-37.54	-57.90	-57.90	-34.13	-23.87	-
GCP Asset Backed Income Fund	Asset Financing	Pound Sterling	3.80	7.41	7.37	-9.80	-9.80	-0.30	2.74	3.84
Hipgnosis Songs Fund	Song Royalties	Pound Sterling	2.92	6.74	8.80	17.46	17.46	11.97	-	-
Round Hill Music Royalty Fund	Song Royalties	US Dollar	-0.97							
LIBID GBP 3 Month + 2%		Pound Sterling	0.16	0.47	0.96	2.15	2.15	2.42	2.49	2.42
Other / Specialist - EUR										
Greencoat Renewables	UK Renewable Energy	Euro	3.07	-1.23	0.82	3.46	3.46	11.56	9.24	-
Cash - USD										
BlackRock USD Liquidity Premier Class	Cash	US Dollar	0.01	0.03	0.09	0.63	0.63	1.50	1.69	1.37
LIBID USD 3 Month		US Dollar	0.01	0.03	0.05	0.48	0.48	1.32	1.63	1.33
Cash - GBP										
Insight GBP Liquidity Fund	Cash	Pound Sterling	0.00	0.00	0.01	0.17	0.17	0.33	0.33	0.29
LIBID GBP 3 Month		Pound Sterling	-0.01	-0.02	-0.04	0.15	0.15	0.42	0.48	0.41

* Annualised

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

PIMCO Global Investment Grade Credit

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 reach
- Sheer size and influence PIMCO has on the fixed-income markets gives it a clear information advantage
- Management style tends to make the fund less volatile than many competitor funds



Disclaimer

Nedgroup Investments MultiFunds (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 (S.I. No. 352 of 2011) as amended from time-to-time.

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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.

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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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Changes in exchange rates may have an adverse effect on the value price or income of the product

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