NEDGROUP INVESTMENTS

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Nedgroup Investments Contrarian Value Equity Fund

Quarter Two, 2022

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 2022	Nedgroup Investments Contrarian Value Equity[1]	MSCI ACWI	S&P 500
3 months	-15.2%	-15.7%	-16.1%
12 months	-19.4%	-15.8%	-10.6%

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

Overview

The Nedgroup Contrarian Value Equity Fund ("the Fund") declined 15.2% for the quarter and 19.4% for the trailing twelve months. The Fund captured 147% of the average of the MSCI ACWI and S&P 500's return in the trailing twelve months*.

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

***Exhibit A:* Performance versus Illustrative Indices[2]**

	Q2 2022	Trailing 12 months
Nedgroup Contrarian Value Equity	-15.2%	-19.4%
MSCI World NR USD	-16.2%	-14.3%
MSCI ACWI NR USD	-15.7%	-15.8%
S&P 500	-16.1%	-10.6%

During the first half of 2022, from its peak on January 5, 2022 to the end of June, the MSCI ACWI declined more than 20%. The Fund was not immune to the market selloff, capturing approximately 100% of the average market decline (based on the average return of the S&P 500 and MSCI ACWI indices).[3]

The decline in global equity indexes was broad-based, leaving little unscathed, with energy as one of the few exceptions, as rising interest rates, high inflation, fears of a weakening economy, and greater caution around funding risky, money-losing companies. Market declines can be psychologically difficult, but are to be expected, and can be used to allocate capital towards re-priced and newly attractive opportunities. We are predisposed to lean into price weakness by adding to what we believe are quality businesses at increasingly attractive prices, building positions in long-admired franchises, and occasionally seeking out opportunities in distressed and deeply out-of-favour situations.

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[1] Source: Morningstar (monthly data series). **For illustrative purposes only**. Reflects the net USD return for the Nedgroup Investments Contrarian Value Equity Fund, D class.

* Calculated as -19.4%/((-15.8% + -10.6%)/2) ie. Fund 12month return / average of the MSCI ACWI and S&P 500 return over 12 months.

[2] 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.

[3] The recent market decline for the MSCI ACWI index began January 5, 2022 and is ongoing. During the period Jan 5, 2022 through June 30, 2022, the S&P 500 and the MSCI ACWI NR USD declined 20.42% and 20.57%, respectively; while the Fund declined 20.56% during the same period.

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

Portfolio discussion

Exhibit B: **Trailing Twelve-Month Contributors and Detractors as of 30 June 2022** [4]

Winners	Performance contribution	Ave. weight	Losers	Performance contribution	Ave. weight
Glencore	0.8%	3.4%	Meta	-2.2%	3.86%
Aon	0.4%	3.3%	Comcast	-1.5%	5.01%
Broadcom	0.3%	4.2%	Charter	-1.3%	3.65%
AIG	0.3%	4.3%	Citigroup	-1.2%	3.30%
Booking Holdings	0.1%	0.3%	Holcim	-1.1%	4.10%

In the last twelve months, the Fund's top five performers contributed 1.9% to its return, while its bottom five detracted 7.3%. We believe that some of these ups and downs might prove ephemeral, but we'll address where our thesis is being validated or where it might be broken.

Glencore is one of the largest globally diversified commodity businesses operating both industrial and marketing businesses. Importantly, we believe Glencore operates in a genuinely shareholder-oriented manner. We purchased Glencore off-and-on in the Fund from 2018 through 2020 at what we believe is a single digit multiple of normal earnings power. The opportunity presented itself when investors were less willing to own commodity sensitive businesses due to a period of low inflation and general disregard for valuation. Net of distributions of above average cyclical profits likely to be earned in 2022, we believe the company still trades at an attractive valuation relative to its long-term earnings power, justifying its continued presence in the Fund.

Our investment thesis on the names that have detracted from performance have not materially changed but we highlight the following two.

Charter and Comcast, the Fund's investment in the US cable industry is an example of us leaning into fear. These investments have underperformed in the last year but still trade above the Fund's cost basis. The industry has been plagued by fears of video cord cutting, and competition from 5G and Fibre to the Home. This allowed us to buy and to continue to hold both Comcast and Charter Communications. These businesses trade at what we believe are reasonable valuations and we think should have attractive growth in free cash flow over the next decade. We expect that they will allocate that free cash flow in the best interest of shareholders, given that they are controlled by owner-operators.

We added five new positions to the Fund, decreased one, and exited one in the quarter. Some of the new positions the Fund has taken on included CarMax.

CarMax has three operating segments: used retail, used wholesale, and used auto lending. The general market decline and recession concerns have caused its stock price to decline by almost half since it peaked in Q4 2021. CarMax is the largest US company in the used car retail space.

[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 2022. Contribution is presented gross of investment management fees, transactions costs, and Fund operating expenses, which if included, would reduce the returns presented. 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.

We think CarMax has the opportunity to gain share in the market due to its strong wholesale business, historically good returns on capital, and an excellent management team that invests for the future and allocates capital with an owner-oriented mindset.[5] Recessionary concerns are valid as their lending business, in particular, will likely be hurt. We would not be surprised to see its stock price decline as a result and would consider the opportunity to increase the Fund's stake at that time.

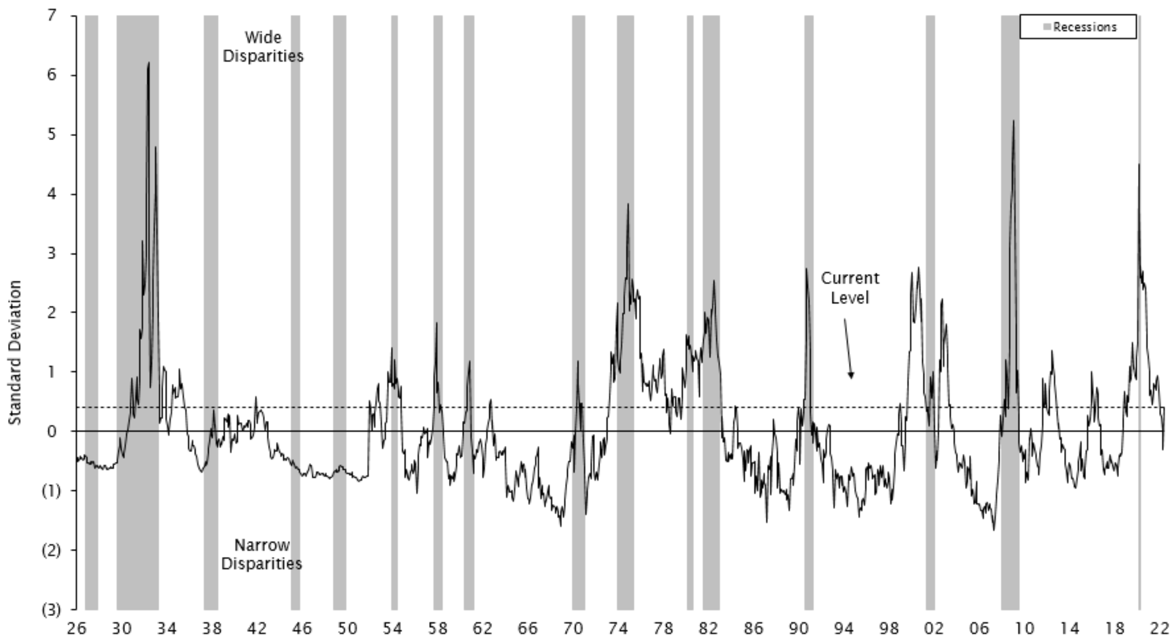
Outlook (observations on current environment)

We are often asked about our "outlook." Which is kind of funny because we have never made a market forecast and, like everyone else, are regularly surprised by world events. While there is always plenty to worry about (insert list of worries), we agree with Jamie Dimon, who on JP Morgan's second quarter 2022 call, in response to a question about pending economic hurricanes, observed "going through a storm -- that gives us opportunities too. I always remind myself the economy will be a lot bigger in 10 years, we're here to serve clients through thick or thin." There will always be a place in the portfolio for good businesses at good prices. As always, we will be conservative in our underwriting, and let price be our guide.

Despite our no-market prediction philosophy, we do think it is useful to observe current conditions and pricing for financial assets in order to avoid potholes, focus research attention and calibrate risk appetite.

In equities, more traditional value stocks are no longer as inexpensive, unlike March 2020 when value spreads (the cheapest 20% of the market versus the market average) got to 2008 levels of cheapness. We have therefore spent more time considering (and adding to) faster growing, better quality businesses, many of which are both less expensive than the market today and where they have historically been valued, as supported in the following Exhibits C and D.

Exhibit C: **Valuation Spreads – The Cheapest Quintile Compared to the Market Average (1926 – 30 June 2022)[6]**



[5] Source: FPA, recent Company filings, Automotive News. As of 30 June 2022.

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

[6] Source: Empirical Research Analysis, National Bureau of Economic Research. As of 30 June 2022. Cheapest quintile refers to the most undervalued 20% of stocks in an analysis of large-capitalization US stocks. Standard Deviation is a measure of dispersion of a data set from its mean. Prior to 1952, the spread is measured using the price-to-book data of the largest 1,500 stocks. Current Level refers to the valuation spread as of 30 June 2022 which is 0.4 standard deviations above the mean.

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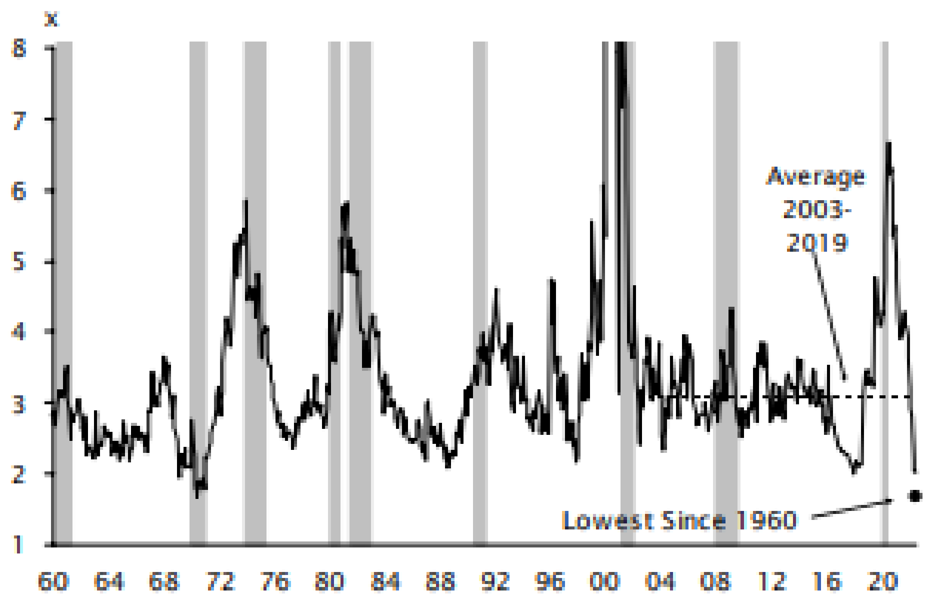
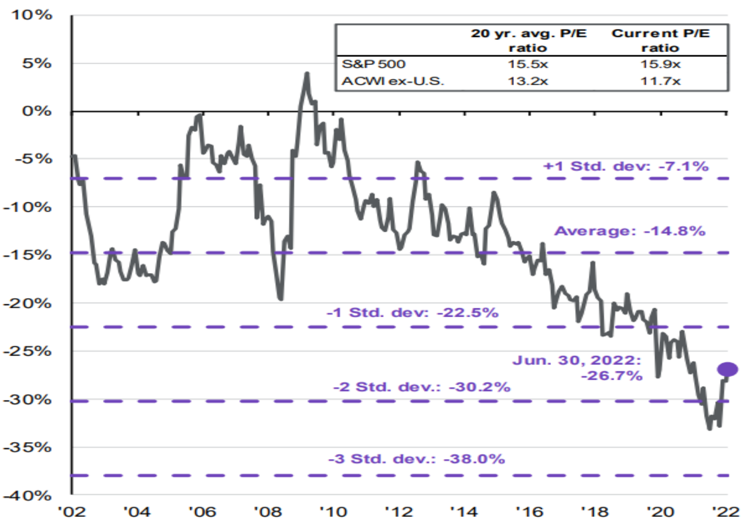
Exhibit D: **The Big Growers – Relative Price to Sales Ratio**[7]



We will remain flexible and seek to take advantage of opportunities that present a margin of safety, whether they are perceived as "value" or "growth." [8]

Relatively speaking, international markets continue to trade at lower valuations than that of the US, as shown in Exhibit E below. That explains, in part, the Fund's increase in international exposure from 31.2% to 41.3% of the Fund's net equities over the last three and a half years. We continue to find attractive opportunities outside of the US.

Exhibit E: **Twelve-Month Forward Price to Earnings Ratio Discount MSCI AC World Index ex-US vs S&P 500 Index**[9]



[7] Source: Empirical Research Partners ("ERP") Analysis, National Bureau of Economic Research, as of 5 June 2022. Equally-weighted data. ERP categorized a group of 75 US large-capitalization stocks that they have faster and stronger growth credentials than the rest of the US large-cap universe as 'Big Growers'. The analysis covers the period January 1960 through 5 June 2022.

[8] Margin of Safety - Buying with a "margin of safety" is when a security is purchased at a discount to the portfolio manager's estimate of its intrinsic value. Buying a security with a margin of safety is designed to protect against permanent capital loss in the case of an unexpected event or analytical mistake. A purchase made with a margin of safety does not guarantee the security will not decline in price.

[9] As of 30 June 2022. Source: Factset, MSCI, Standard & Poor's, J.P. Morgan Asset Management Guide to the Markets. Forward Price to Earnings is a version of the ratio of price-to-earnings (P/E) that uses forecasted earnings for the P/E calculation.

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

Portfolio Activity:[10]

The Fund made five new investments, exited one investment, and decreased one position during the quarter. The Fund's newly added positions were CarMax – discussed earlier; Safran – the European counterpart to Howmet, Nintendo, Ferguson – home improvement/building supplier related, and Booking Holdings – a familiar name re-joining the portfolio. The Fund decreased its position in Baidu and exited its position in Naspers.[11]

Portfolio Profile:

There were 46 equity positions in the Fund with the top five holdings comprising 26.2% and the top 10 comprising 43.2% of the portfolio (based on total assets) as of June 30, 2022. The top three sector exposures in the Fund, based on the Global Industry Classification Standard (GICS) sector classification, are Communication Services, Financials, and Information Technology, which comprise 54.5% of the total assets of the Fund. As a percentage of equity, the Fund has 41.3% non-US exposure and 58.7% exposure in the US.[12]

Conclusion

We are living through what is not our first volatile period. While we cannot tame volatility, we have learned to make friends with it. A decline in price can afford us the opportunity to buy, as much as an increase can offer the chance to sell. We believe our hyper focus on price and business quality should allow us to successfully navigate this current turbulent moment in time.

Respectfully submitted,

FPA Contrarian Value Portfolio Management Team

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[4] The information provided does not reflect all positions purchased, sold or recommended by FPA during the quarter. It should not be assumed that an investment in the securities listed was or will be profitable. Increases and decreases represent securities whose position size changed by at least 25% over the period and represent greater than 0.50% of the portfolio. Any exited position mentioned was fully removed, regardless of its representative portfolio size. Portfolio composition will change due to ongoing management of the Fund.

[11] As of 06/30//2022, the securities mentioned and their corresponding position sizes were as follows: Booking Holdings (0.04%); Baidu (0.38%), CarMax (1.53%); Ferguson (0.93%), Naspers (0.00%), Nintendo (0.78%), and Safran (1.69%).

[12] '*As a Percentage of Equity'* excludes cash & cash equivalents. Portfolio composition will change due to ongoing management of the Fund.

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29 July 2022

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