NEDGROUP INVESTMENTS

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Nedgroup Investments Global Flexible Fund

Quarter Two, 2022

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

USD performance to 30 June 2022	Nedgroup Investments Global Flexible[1]	MSCI World	S&P 500
3 months	-10.8%	-16.2%	-16.1%
12 months	-13.0%	-14.3%	-10.6%

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

Overview

The Nedgroup Investments Global Flexible Fund ("NGFF" or "the Fund") declined 10.8% for the quarter and 13.0% for the trailing twelve months. The Fund captured 104.4% of the average of the MSCI World and S&P 500's return in the trailing twelve months, underperforming its own 71.5% average net risk exposure.[2]

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

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

	Q2 2022	Trailing 12 months
NGFF	-10.80%	-13.00%
MSCI World NR USD	-16.19%	-14.34%
MSCI ACWI NR USD	-15.66%	-15.75%
S&P 500	-16.10%	-10.62%
60% MSCI ACWI NR USD/ 40% Bloomberg US Agg	-11.36%	-13.43%
60% S&P 500 / 40% Bloomberg US Agg	-11.63%	-10.24%

During the first half of 2022, from peak to trough, the MSCI ACWI declined more than 20%. As discussed in prior commentaries, we had been concerned about inflation and were running the Fund more invested than the recent past in an effort to protect purchasing power. With an average net risk exposure of 70.7% during the first half of the year, the Fund was not immune to the market selloff, capturing approximately 65% of the average market decline (based on the average return of the S&P 500 and MSCI ACWI indices).

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, acquiring debt at equity-like returns, building positions in long-admired franchises, and occasionally seeking out opportunities in distressed and deeply out-of-favour situations.

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

[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 2022 was 69.4%.

[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.

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%	2.2%	Meta	-1.7%	2.5%
Meggitt	0.6%	0.2%	Comcast	-1.1%	3.3%
AIG	0.4%	2.8%	Charter	-1.0%	2.4%
Aon	0.4%	2.2%	Citigroup	-0.8%	2.1%
LPL	0.3%	1.0%	Holcim	-0.7%	2.7%

In the last twelve months, NGFF's top five performers contributed 2.4% to its return, while its bottom five detracted 5.3%. We believe that some of these ups and downs might prove ephemeral, but we 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 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 Fiber 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.

The Fund had net risk exposure at the end of the second quarter of 69.4%, marginally lower (just 1%) than its exposure at the end of the first quarter. We added seven new positions to the Fund and exited two in the quarter. Some of the new positions the Fund has taken include CarMax and investments in convertible bonds.

[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.

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. 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.

Convertible Bonds – High-yield exposure in the Fund reached an all-time low of just 0.2% in Q4 of last year. We explained in Q4 2021 this low exposure was because of historically low yields and spreads to Treasuries. Since Q4 2021, the US high-yield bond index has declined 10% as both Treasury yields have increased, and credit spreads have widened. We have begun to see some compelling risk-adjusted opportunities in convertible bonds specifically for the first time since 2000. Many stocks have seen a tremendous decline in price, particularly those companies that are still in their earlier stages with business models that have yet to be optimized. Some of these companies had raised money to fund their growth via convertible bonds initially with yields of 1% and lower. With the conversion price now well out of the money due to the decline in their stock prices, the bonds have traded down and now offer what we believe are attractive yields at intermediate term maturities that leave some optionality should these businesses succeed. If this is the case, we would expect the market to reward them with a higher stock price that should translate to a higher bond price; and an outside chance that the convertible feature pays off prior to maturity. The average yield-to-maturity of these bonds is currently 11.5%, 310 basis points better than the 8.4% yield currently offered in the high-yield market.[6] The allocation to these bonds is small for now, but we are hopeful a combination of a further increase in interest rates and continued stock market volatility may allow us to increase the allocation to this space.

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, and you should expect to see the Fund's risk exposure increase should those prices become attractive. 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 bonds, we mentioned the initial fruits of our labour in convertible bonds. Stepping back, we would observe that the US high-yield market is approaching 2016 and 2020 yield levels, but credit spreads are still below the 800+ basis point spreads seen in both of those periods, despite there being no official recession in 2016.

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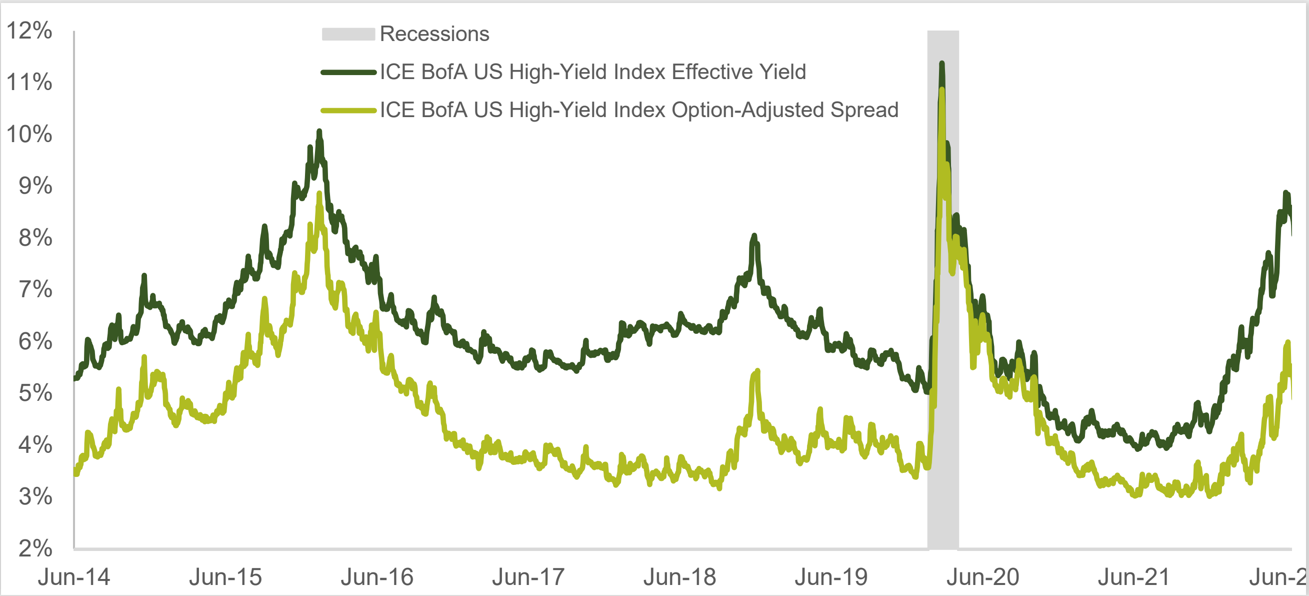
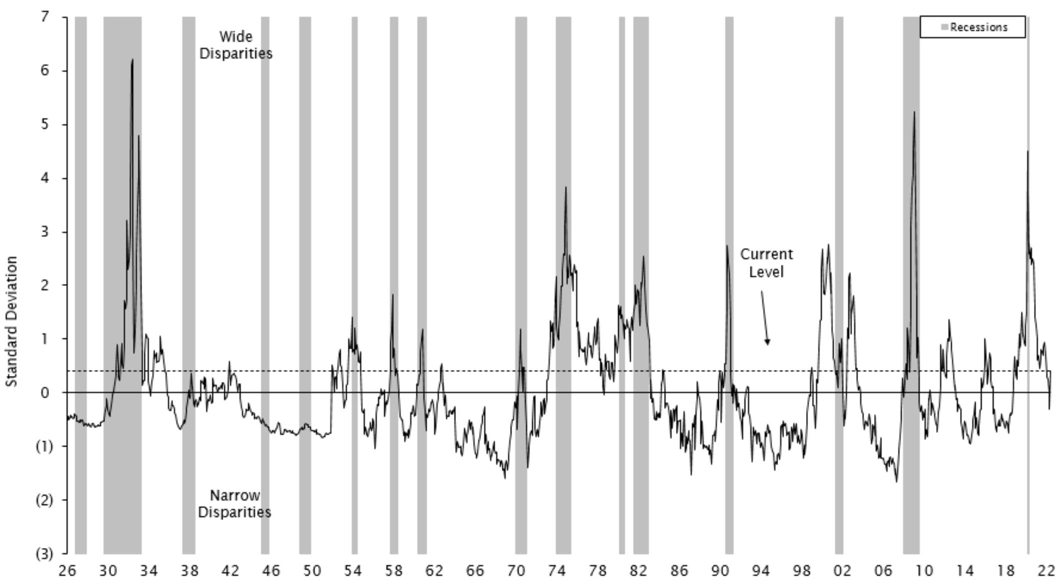
[5] Source: FPA, recent Company filings, Automotive News. As of 30 June 2022.
Past performance is no guarantee, nor is it indicative, of future results.
[6] Source: FPA, Bloomberg. As of 30 June 2022.

***Exhibit C:* US High-Yield Effective Yield and Option-Adjusted Spread**[7]



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 D and E.

***Exhibit D:* Valuation Spreads – The Cheapest Quintile Compared to the Market Average (1926 – 30 June 2022)**[8]



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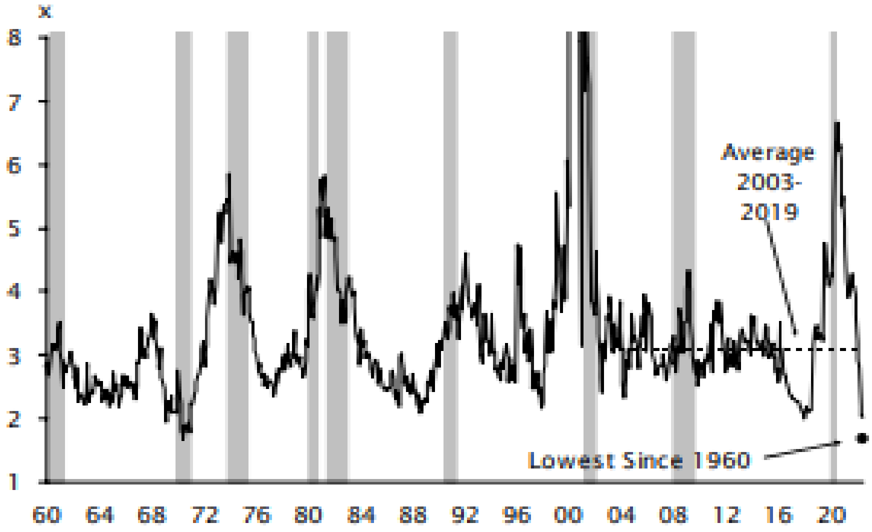
[7] Source: Federal Reserve Economic Data (FRED). As of 30 June 2022.

[8] 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.

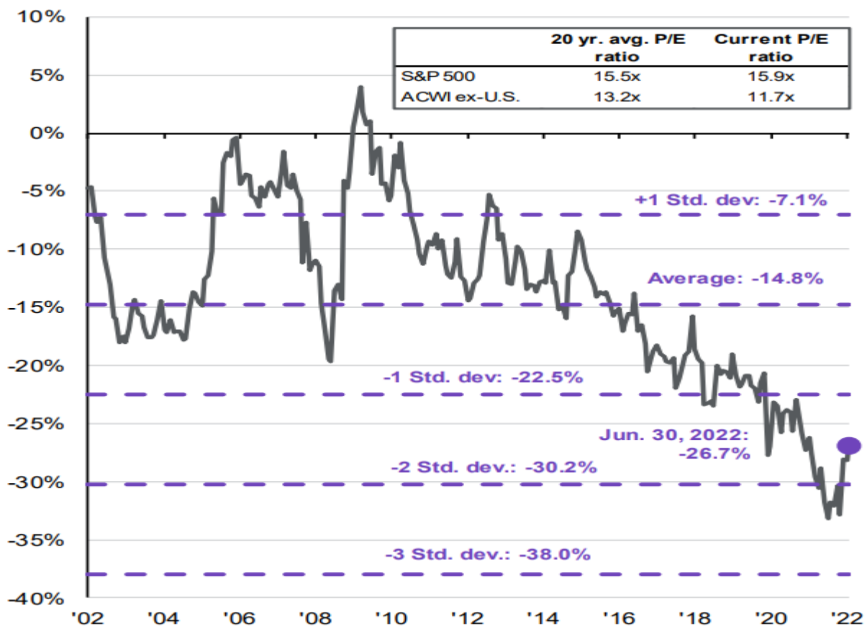
***Exhibit E:* The Big Growers – Relative Price to Sales Ratio**[9]



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." [10]

Relatively speaking, international markets continue to trade at lower valuations than that of the US, as shown in Exhibit F below. That explains, in part, the Fund's increase in international exposure from 24.1% to 36.7% 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 F:* Twelve-Month Forward Price to Earnings Ratio Discount**
MSCI AC World Index ex-US vs S&P 500 Index[11]



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[9] 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.

[10] 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.

[11] 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.

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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