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# Nedgroup Investments Global Flexible Fund

Quarter Three, 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 September 2022	Nedgroup Investments Global Flexible <sup>1</sup>	MSCI World	S&P 500
3 months	-4.7%	-6.2%	-4.9%
1 year	-16.4%	-19.6%	-15.5%
5 years	3.1%	5.3%	9.2%

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 4.7% for the quarter and 16.4% for the trailing twelve months. The Fund captured 93.4% of the average of the MSCI World and S&P 500’s return in the trailing twelve months, underperforming its own 70.4% average net risk exposure.<sup>2</sup>

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

#### Exhibit A: Performance versus Illustrative Indices<sup>3</sup>

	Q3 2022	Trailing 12 months
Nedgroup Global Flexible Fund	-4.7%	-16.4%
MSCI World NR USD	-6.2%	-19.6%
MSCI ACWI NR USD	-6.8%	-20.7%
S&P 500	-4.9%	-15.5%
60% MSCI ACWI NR USD/ 40% Bloomberg US Agg	-5.9%	-18.1%
60% S&P 500 / 40% Bloomberg US Agg	-4.8%	-14.9%

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

<sup>2</sup> 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 September 2022 was 68.4%.

<sup>3</sup> 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 September 2022*<sup>4</sup>

Winners	Performance contribution	Ave. weight	Losers	Performance contribution	Ave. weight
Glencore	0.5%	2.1%	Comcast	-1.7%	3.2%
LPL Financial	0.3%	1.0%	Meta Platforms	-1.7%	2.2%
Delivery Hero (convertible)	0.3%	0.3%	Alphabet	-1.6%	5.6%
Swire Pacific	0.2%	0.6%	Charter	-1.6%	2.2%
PG&E	0.1%	0.6%	Citigroup	-0.9%	2.0%

In the last twelve months, the Fund's top five performers contributed 1.4%, net, to its return, while its bottom five detracted 7.5%, net.

We addressed the performance of **Glencore** and the **Comcast** and **Charter** cable investments in the Q2 2022 commentary (*please contact Nedgroup Investments if you would like to request a copy*).

**LPL Financial** has benefited from a rise in interest rates, specifically short-term rates, as well as continued strong client asset flows.<sup>5</sup>

The share prices of both **Meta** and **Alphabet** have declined significantly over the past twelve months. We believe this is due to a combination of a weakening ad market, depreciation of foreign currencies, and increased competitive intensity. On the positive side, we anticipate each company to continue to generate significant amounts of free cashflow even during these challenging times, which we expect to be redeployed into a combination of growth projects and share buybacks.

The Fund had net risk exposure at the end of the third quarter of 68.4%, marginally lower (just 1%) than its exposure at the end of the second quarter. With the stocks having declined as much as they have, the nominal decrease in exposure belies the greater activity when you scratch below the surface. We added five new positions to the Fund and exited two in the quarter.

## Conclusion

Individual stock price movement continues to generally be far greater than changes in underlying business fundamentals. We maintain focus on the latter, while seeking to take advantage of the former.

Respectfully submitted,

FPA Contrarian Value Portfolio Management Team

<sup>4</sup> Reflects the top five contributors and detractors to the Fund's performance based on contribution to return for the trailing twelve months through 30 September 2022. 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, which are 1.11%. 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.

<sup>5</sup> LPL Financial Investor Call and Presentation. October 27, 2022.

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

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## NEDGROUP INVESTMENTS CONTACT DETAILS

Tel: toll free from South Africa only 0800 999 160

Email: [helpdesk@nedgroupinvestments.com](mailto:helpdesk@nedgroupinvestments.com)

For further information on the fund please visit: [www.nedgroupinvestments.com](http://www.nedgroupinvestments.com)

## OUR OFFICES ARE LOCATED AT

First Floor, St Mary's Court  
20 Hill Street, Douglas  
Isle of Man  
IM1 1EU

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