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# Nedgroup Investments Contrarian Value Equity Fund

Quarter Three, 2023

**Marketing Communication**





## Nedgroup Investments Contrarian Value Equity Fund

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

USD performance to 30 September 2023	Nedgroup Investments Contrarian Value Equity <sup>1</sup>	MSCI ACWI
3 months	-2.5%	-3.4%
1 year	28.2%	20.8%
3 years (p.a.)	10.3%	6.9%
Since inception (p.a.)	6.7%	6.8%

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

Source: Morningstar

### Overview

The Nedgroup Investments Contrarian Value Equity Fund (“the Fund”) declined 2.5% for the quarter but gained 28.2% for the trailing twelve months. The Fund captured 135.6% of the MSCI ACWI’s gain in the trailing twelve months.

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

#### *Exhibit A: Net Performance versus Illustrative Indices<sup>2</sup>*

	Q3 2023	Trailing 12 months
Nedgroup Contrarian Value Equity Fund	-2.5%	28.2%
MSCI ACWI	-3.4%	20.8%
MSCI World	-3.5%	22.0%
S&P 500	-3.3%	21.6%

Source: Morningstar

### Portfolio discussion

There wasn’t a unifying theme that drove performance in the last year. In the previous twelve months, the Funds top five performers contributed 12.6% to its return, while its bottom five detracted 0.8%.

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

<sup>2</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.

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



## Exhibit B: Trailing Twelve-Month Contributors and Detractors as of 30 September 2023 <sup>3</sup>

Winners	Performance contribution	Average weight	Losers	Performance contribution	Average weight
Holcim	2.9%	5.2%	International Flavors and Fragrances	-0.5%	3.2%
Meta Platforms	2.7%	3.3%	Heineken	-0.1%	1.1%
Alphabet	2.5%	7.9%	Delivery Hero	-0.1%	0.4%
Comcast	2.3%	4.9%	JDE Peet's	-0.1%	2.1%
Broadcom	2.2%	2.7%	Just Eat Takeaway	-0.0%	0.3%

Source: FPA

Of the contributors and detractors listed, we haven't recently **addressed International Flavors & Fragrances (IFF)**. IFF missed financial targets and lowered guidance for 2023, which, along with the delays in the company's efforts to reduce its debt load, led to a significant decline in its stock price. We have added to our position, as we view much of the company's business as resilient and high quality, while the company's debt should prove manageable considering its low cost and long duration.

We have discussed most of the other positions in the last year.

### Portfolio Activity<sup>4</sup>

The Fund exited one investment during the quarter. The Fund exited Activision Blizzard, an American video game company, after the stock saw a large price increase due to a Federal judge's ruling against the Federal Trade Commission's attempt to block the sale to Microsoft.<sup>5</sup> The Fund did not have any purchases, increases, or decreases of positions during the quarter.

### Portfolio Profile

There were 44 equity positions in the Fund with the top five holdings comprising 28.6% and the top 10 comprising 46.6% of the portfolio (based on total assets) as of 30 September 2023. 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 53.3% of the total assets of the Fund. As a percentage of equity, the Fund has 41.5% non-US exposure and 58.5% exposure in the US.<sup>6</sup>

### Closing

Geopolitical instability has the world wobbling on its axis. Our thoughts are with you and yours both here and abroad.

<sup>3</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 2023. Contribution is presented net of investment management fees, transactions costs, and Fund operating expenses using the fees and expenses of the Fund's D class, which are 0.76%. 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>4</sup> 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 33% over the period and represent greater than 0.75% 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.

<sup>5</sup> As of 30 September 2023, the securities mentioned, and their corresponding position sizes were as follows: Activision Blizzard (0.0%), Microsoft (0.0%). <https://www.nytimes.com/2023/07/11/technology/microsoft-activision-deal-ftc.html>

<sup>6</sup> 'As a Percentage of Equity' excludes cash & cash equivalents. Portfolio composition will change due to ongoing management of the Fund.

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



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Value style investing presents the risk that the holdings or securities may never reach their full market value because the market fails to recognize what the portfolio management team considers the true business value or because the portfolio management team has misjudged those values. In addition, value style investing may fall out of favor and underperform growth or other styles of investing during given periods.

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Comparison to any index is for illustrative purposes only and should not be relied upon as a fully accurate measure of comparison. The Fund may be less diversified than the indices noted herein, and may hold non-index securities or securities that are not comparable to those contained in an index. Indices will hold positions that are not within the Fund's investment strategy. Indices are unmanaged and do not reflect any commissions, transaction costs, or fees and expenses which would be incurred by an investor purchasing the underlying securities and which would reduce the performance in an actual account. You cannot invest directly in an index. The Fund does not include outperformance of any index in its investment objectives.

**Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. The performance data herein represents past performance and investors should understand that investment returns and principal values fluctuate, so that when you redeem your investment it may be worth more or less than its original cost.**

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