NEDGROUP INVESTMENTS

see money differently

Nedgroup Investments Global Equity Fund

Quarter Four, 2023

Marketing Communication

1. Market Overview and Outlook

Portfolio Manager Commentary

"Wicked problem": a problem that is difficult or impossible to solve because of incomplete, contradictory, and changing requirements that are often difficult to recognize.

It is exactly 4 years since the city of Wuhan was put into lockdown in a belated attempt to quarantine a deadly Coronavirus that was spreading quickly through the local population. Who could have imagined the events that would follow: the size and severity of the pandemic; the lockdowns and disruption to everyday life and commerce; the uniquely expansive government response and euphoric reaction of markets; rampant inflation; the rise of geopolitical conflict and proxy trade wars. The list goes on. Unusual patterns of demand have been coincident with supply chain disruption precipitating a desire to build redundancy and buffer stock. A pattern of under supply followed by over ordering has sent reverberations up and down supply chains with increasing amplitude, a "bull whip" effect that has been observable across many industries even those not typically thought of as cyclical. It has been a "wicked" environment for corporate planners and managers as they have tried to anticipate the future.

And it continues today. Consider the case of Mobileye a driver assistance/autonomous driving semiconductor company which saw its share price fall 25% following a profit warning on 4th January 2024. According to the company:

'Based on our discussions, we understand that much of this excess inventory reflects decisions by Tier 1 customers to build inventory in the Basic ADAS category due to supply chain constraints in 2021 and 2022 and a desire to avoid part shortages, as well as lower than-expected production at certain OEM's during 2023. As supply chain concerns have eased, we expect that our customers will use the vast majority of this excess inventory in the first quarter of the year. As a result, we expect that first quarter 2024 revenue will be significantly below first quarter 2023 revenues'

- Mobileye Press Release 4th January 2024.

For investors this environment is similarly challenging but also offers significant opportunity for those willing to look through temporary weakness and negative sentiment until the pendulum inevitably swings back. Consider the very different rollercoaster rides experienced by the aerospace industry (a COVID loser), and digital advertising and ecommerce (a COVID winner): that there has been no commensurate accident in risk assets… so far.

Aerospace:

Aerospace companies such as Safran and Airbus, along with their airline customers, faced an unprecedented demand decline in 2020. Passenger volumes immediately fell 97% in some geographies leaving little to no time to react. Safran, an engine manufacturer, makes its money when engines are flown and whilst operating costs were reduced, operating income still fell from €3.7bn to €879m. In blind panic, the stock was marked down from EUR 150 to EUR 50, but for the long-term investor here was a gilt-edged opportunity to deploy capital into a well-run business in an oligopolistic market benefiting from long term structural growth. Cost discipline and cash preservation, obviously the right thing to do in the moment, have been a double-edged sword in hindsight as the company has subsequently struggled for inputs (most acutely semiconductors). Highlighting the delay between input and response the CEO noted that they were still facing challenges over three years after the initial shock.

'We are prepared to face changing business conditions. I guess, we have demonstrated our ability to adapt swiftly when needed. We are focused to meet customer demand by managing the ramp-up in OE deliveries despite supply chain difficulties, and here LEAP is our top priority.'

- Olivier Andries, Safran CEO, Full Year Earnings Call 2022.

The situation has modestly held back elements of the recovery for Safran but this is abating and all that is required is patience. Whilst the recovery in air travel has also been bumpy, notably China plunging back into lockdown, passenger trends are back above 2019 levels and the market is rehabilitating. Whilst these dynamics somewhat held back performance into 2022, in 2023 the company saw its share price increase by 35% as long-term air travel trends resumed.

Digital advertising and ecommerce:

With no one able to visit the shops, ecommerce enjoyed spectacular success in 2020 with even marginal businesses experiencing explosive growth. Picking on Zalando, the German ecommerce retailer, we see a business that almost doubled revenue between 2018 and 2021 but has grown just 1% since. Seen as a COVID winner its shares promptly rose 2.3 times from $45 to $105 peaking in mid-2021 but have subsequently lost more than 80% of their value. Less obviously, much of the windfall revenue made in ecommerce was ploughed straight back into digital advertising spend which led to bumper years for the likes of Meta and Alphabet. Between 2020 and 2021, Alphabet saw its services revenue grow 41% and in response increased its employee base (it's largest cost) from 135k employees at the end of Q420 to 156k by the end of Q421, then adding a further 34k (+22%) workers in FY22 in the expectation that robust demand would continue. However, as the shops opened, ecommerce growth slowed and so did Google Service revenues (to only 6%) just as the new hires turned up. Operating income which had risen from $44bn in 2020 to $78.7bn in 2021 now fell to $74.8bn in 2022. The market marked the stock down from a valuation of 23x earnings at the end of 2021 to just 15x at the end of 2022, a 10-year low.

Bernard Baruch famously said that "The main purpose of the stock market is to make fools of as many men as possible," and sure enough large cap tech followed a dire '22 with a fabulous '23. From bullwhip to whiplash. For Alphabet, growth reaccelerated (+10% in Q3) as headcount started to fall. Operating profit expectations are now for $85bn and the company has rerated back to 20x, with +57% stock price appreciation in the year.

The planning decisions Amazon took during 2020 have taken longer to resolve but are now starting to bear fruit. CFO Brian Olsavsky's first quarter 2022 comments on capacity are illustrative:

Despite still seeing strong customer demand and expansion of our FTA business, we currently have excess capacity in our fulfillment and transportation network. Capacity decisions are made years in advance and we made conscious decisions in 2020 and early 2021 to not let space be a constraint on our business.

During the pandemic, we were facing not only unprecedented demand, but also extended lead times on new capacity. We built towards the high end of a very volatile demand outlook. Now that demand patterns have stabilized, we see an opportunity to better match our capacity to demand.'

- Brian Olsavsky, Amazon Q1 2022 Earnings Call

Whilst over capacity has had near term impact on numbers it has allowed Amazon to consolidate its competitive position. Ironically, Amazon has seen its biggest share gains in North America post-2021.

Opportunities today

Ex post examples from aerospace and technology prove instructive as we look to understand patterns and identify opportunity in other industries. We currently observe a bullwhip effect in Life Sciences where the impact of the pandemic has been understandably far reaching. Whilst all management teams understood that pandemic-related demand would at some point wane, delineating and forecasting underlying demand has been extremely problematic. Consider:

1. From mid-2020, Biopharmaceutical companies developing potential COVID-19 vaccines expedited orders for the supplies necessary for development and manufacture of these biologic therapies - products such as cell culture media, single use bioreactors, purification columns and so on. Lead times

for mission-critical bioprocessing supplies went from weeks to months to 12+ months in short order. Certainty of delivery became poor, second and third source suppliers were sought, and vendor-customer relationships were stretched. Manufacturers of bioprocessing supplies invested in additional capacity to meet this growing demand and avoid losing share.

2. While bioprocessing suppliers worked on reducing lead times, restrictions on movement and COVID lockdowns resulted in idiosyncratic supply shortages of certain pharmaceutical ingredients and components such as resins used in purification columns and semi-conductors necessary for various analytical tools. All of which was exacerbated by long lockdowns in China and then the outbreak of the Ukraine war and consequent concerns over gas supply. This ever-growing uncertainty, coupled with the pandemic-related demand, resulted in Biopharmaceutical companies further pulling forward future bioprocessing supplies orders.

3. BioPharma not only built inventory for COVID-related vaccines and therapies but also for other drug treatments to ensure patient supply in an uncertain context. It was this final dynamic that was least understood by bioprocessing management teams and investors. While bioprocessing suppliers had endeavoured to understand the COVID-related demand within their orders, they had not fully appreciated the extent to which 'non-COVID' demand had been boosted and was rippling throughout the supply chain, a dynamic never observed before.

Late 2022 saw a largely expected biomanufacturing inventory 'de-stocking' in response to much improved lead times for bioprocessing supplies. However, as we entered 2023 demand continued to sag and funding pressures at smaller biotech customers added to the pain. More general caution amongst larger Pharma companies followed as interest rates started to rise and cash cycles and working capital became more tightly managed. As 2023 continued the extent of overstocking throughout the value chain became apparent.

While this has been a painful environment to navigate, it is a temporary phenomenon and we remain confident in our Life Sciences exposure, adding to our position in ThermoFisher Scientific in Q423. The industry has weathered an unprecedented demand cycle compounded by a confluence of supply constraints. Nevertheless, the trends driving drug and biologic research, development and manufacturing are unchanged. Supported by demographic demand trends, a usually stable funding environment, scientific advances in genomic and proteomics and regulatory support, the industry should return to resilient growth over the next couple of years.

Longer Term Perspective

We believe a strategy of investing in well run, competitively advantaged businesses at attractive valuations should be well placed to navigate a highly uncertain macroeconomic environment. In 2023 the Nedgroup Investments Global Equity Fund had robust absolute performance, rising 21.2%, while the MSCI World Index rose 23.8% over the same period. We have historically lagged fast rising markets given a more defensive skew to the businesses we own, and it is also worth noting that market performance was in large part driven by a relatively narrow set of companies with the "Magnificent 7" technology stocks making up 55% of MSCI World Index returns. While the fund faced a challenging 2021 and 2022 we believe a changing rate environment is bringing valuation back to the fore which should bode well for our holdings.

2. Fund performance contributors & detractors for past quarter

Top 5 contributors and bottom 5 detractors

	Portfolio			Index			Attribution
Holding	Average Weight	Total Return	Absolute Contribution	Average Weight	Total Return	Absolute Contribution	Total Effect
Top 5 relative stock contributors							
Equifax Inc	2.1	35.3	0.7	0.0	35.2	0.0	0.5
Moody`s Corp	3.7	23.9	0.9	0.1	23.7	0.0	0.4
Aena SME	4.2	20.1	0.8	0.0	20.1	0.0	0.3
The Cooper Companies	3.7	19.0	0.7	0.0	19.0	0.0	0.3
Intercontinental Exchange	4.6	17.0	0.8	0.1	17.0	0.0	0.3
Bottom 5 relative stock contributors							
Charter Communications	3.8	-11.7	-0.6	0.1	-11.6	-0.0	-0.9
Diageo	4.3	-2.0	-0.1	0.1	-1.7	-0.0	-0.6
Bio-Rad Laboratories	2.2	-9.9	-0.3	0.0	-9.9	-0.0	-0.5
Unilever PLC	3.7	-1.5	-0.1	–	–	–	-0.5
Becton Dickinson	2.7	-5.5	-0.2	0.1	-5.4	-0.0	-0.5

Portfolio Attribution Commentary

The portfolio posted positive returns but underperformed the MSCI over the three-month period in gross returns. The overweight in Healthcare and Underweight in IT detracted from relative performance. That has been true for the 2023 as a whole. Given the quality bias it's unlikely the portfolio will have a high weighting in IT names.

Contributors

Equifax is one of the three big U.S. credit bureaus, along with TransUnion and Experian. In addition to the credit data business, Equifax also operates a workforce solutions practice, which provides efficient automation for many HR functions. Currently, it's the firm's fastest growing and most profitable segment. In addition, Equifax is expanding internationally into maturing economies where increased lending activity requires reliable credit data. Most recently, this includes the merger with Boa Vista Serviços, the second largest credit bureau in Brazil. This merger will expand Equifax capabilities in the large and fast-growing Brazilian market.

Equifax can be considered as being made up of a verification business and the US Information Services (USIS) business. The verification business accounts for 35% of revenue and made up of four areas including Talent (25%), Government (31%), Mortgage (33%) and Consumer Lending (11%). The secular trends are favourable as more businesses, including government, are opting to verify income, employment, education, and other data through electronic means as it is instantaneous secure (highly resistant to fraud) and privacy compliant. There is significant growth opportunity here as the Talent and Government subsegments are only about 10% penetrated. This part of the business has a significant competitive moat including the scale of The Work Number (TWN) database it owns (online database of over 200m payroll records) and the exclusivity of many of its data sets. The number of unique active W2 records (the official record for a person's annual earnings) in TWN is approximately 121m out of a possible 170m in the US, with the next largest competitor Experian, having only 7m unique records. The vast majority of the payroll providers that Equifax partners with, except ADP, have multi-year contracts (i.e. these records are not shared with Experian or other competitors). Growth in unique records has been approx. 12% p.a. This is likely to continue coupled with greater penetration.

In Talent, the largest users are three big background screeners who use Equifax for income and employment verification. Given the fragmentation of the industry, there is opportunity to add clients but also the opportunity to upsell (e.g. the incarceration database usage is relatively low currently). Within the Government segment, there is a healthy pipeline and growth has been very strong. It is expected to close 2023 up 25% and the company has recently signed 2 new 5-year contracts with US Centres for Medicare and Medicaid (CMS) and the USDA's Supplemental Nutrition Assistance Program (SNAP), so 2024 starts well. Given the extent of the moat, and specifically growth in importance of the TWN database, Equifax has pricing power and will continue to increase prices by mid to high single digits. The USIS business is made up of US Consumer Solutions -the direct-to-consumer credit score service, Mortgages (the credit reports needed to agree a mortgage and some online information services) and Auto / Telco / Financial / Commercial (Credit scores for e.g. car loans). In short, Equifax has approximately 12% revenue exposure to mortgages in the verification business and approx. 7% revenue exposure through mortgage solutions and online information solutions, and it's the change in sentiment here, that has caused the share price to rise during the quarter. The mortgage market peaked 3 years ago, with the Mortgage Bankers Association (MBA) mortgage market index falling 80% since Q1 2021 and mortgage applications falling to their lowest level since 1996. Management at Equifax guided that 2023 will end with mortgage credit enquiries down 34% on the year. This has been driven by high interest rates and lower supply, as new housing builds have slowed, and homeowners cannot afford to move as 30-year mortgage rates hit 8% in the US. The market context is moving to one where investors believe the worst is over. Once rates begin to decline, there is likely a significant increase in mortgage volumes for both refinancing and purchases. The longer rates remain elevated, the bigger the likely snap back. Specific to driving growth within the USIS mortgage segment is a change in pricing. In 2024, there will be a 25% increase in the baseline FICO Score (the highest cost credit score that most lenders use to assess an applicant's credit risk) and the removal of volumes tiers such that all lenders pay the new baseline price in 2024. Even if mortgage volumes stay the same next year, Equifax will make an increase in mortgage revenues. Clearly if the mortgage volumes normalise, coupled with price increase, revenues could rise significantly.

Moody's has two main businesses. Moody's Analytics (MA) and Moody's Investors Service (MIS). MA revenue grew 13% propelled by its Know Your Customer or KYC business. KYC is a really important objective for many of Moody's customers to have a better understanding of who they are doing business with, whether it's making a loan, underwriting an insurance policy, onboarding a customer or monitoring a supplier.

There are several thematic drivers behind the growth of the KYC business. This includes the digitisation and automation of what are very manual and expensive in-house compliance processes; the growth in online transactions and payments; and also, the need for greater breadth and precision amidst new and increasing regulations. Combining proprietary data on companies and people with analytics and through a modern cloud-based SaaS platform, Moodys is well positioned to deliver solutions in what is a growing market. Approximately 25% of MA's overall new customer annualised recurring revenue (ARR) growth in the last year came from KYC. And generating these new relationships then provides additional opportunities to cross-sell from other parts of MA. Only about 20% or about 3,000 of MA's customers buy one KYC solution. That represents an important cross-sell opportunity for the remaining 13,000-or-so customers.

Moody's is launching its first GenAI-enabled product, called Research Assistant. It's been tested with 150 customers with an official launch at the year-end renewal cycle. Research Assistant will be sold as an add-on to its flagship product, CreditView. Leveraging the power of an LLM with Moody's trusted proprietary content allows customers to generate rich credit insights in just seconds and with capabilities in multiple languages. Following the acquisition of RMS, Moody's has integrated RMS's physical and transition risk models with Moody's proprietary ESG and climate data into a range of banking solutions, empowering customers to make better, more informed decisions around lending, portfolio management, stress testing and regulatory reporting.

Within the MIS business segment (essentially the rating business), Growth was driven by leveraged finance on the back of what was the strongest leverage loan volume since the first quarter of 2022, coupled with elevated activity from infrequent banking issuers and an improvement in project and public finance issuance versus the prior year. While global issuance was up about 12%, MIS transactional revenue was up 31% versus the previous year. Together with 5% recurring revenue growth, MIS revenue grew 18% for the quarter. Moody's recently published its annual refinancing wall study, which showed a 21% increase in the total U.S. nonfinancial corporate debt coming due over the next 5 years. Over the next 4 years approximately $4.4 trillion is coming due. These refinance walls are a very important component for long-term growth. Moodys is integrating its broad data and analytic capabilities across its product suite and to leverage the power of GenAI to develop new and cutting-edge solutions to empower its customers. Deepening its participation in developing capital markets, and in particular, domestic issuance markets. That includes Latin America, where Moody's Local has grown its customer count by more than 20% in 2023. Also, in the Asia-Pacific region they have further extended its domestic ratings business with the opening of VIS Rating in Vietnam. That is a small but fast-growing domestic bond market.

Aena is the number one airport operator by passenger volume. The company reported better than expected revenue and earnings. Aeronautical revenue increased by 16.6%, commercial by 23.7%, real estate by 17.7% and international by 29.1%. Costs were lower than expected as lower electricity pricing fed through and the company's cost control measures began to take effect. The average cost of energy megawatts per hour was €167 in 2022 compared to the anticipated €95 for 2023.

Airport traffic increased by over 17%, up to 240 million passengers, representing a recovery of 100.8% of the traffic in the same period of 2019. In Spain alone, traffic increased to 216.6 million passengers, equivalent to 101.3% of the 2019 levels. Over the past two and a half years, domestic traffic has shown robust growth, reaching 107.9% versus 2019, while international traffic nearly fully recovered at 98.3%. Despite a slightly delayed recovery in the UK compared with Spain, the Company is confident about the 2023-24 winter season. Aena announced a substantial 15% increase in seat supply, scheduling 126.6 million seats for flights to and from Spain this winter. This increase surpasses pre-pandemic levels in 2019, reflecting the strong recovery in leisure travel, particularly from cooler climates seeking warmer temperatures in southern Europe.

Commercial activities continued to drive performance, with commercial sales exceeding 2022 levels by nearly 16%. The sales per passenger ratio was 14.1% higher than in 2019, indicating increased spend per passenger. A notable part of this growth was driven by Britons who have non-European Union status in duty-free. Since November 2021, the company has awarded numerous new contracts in food and beverage within its airports. 111 new contracts were granted in the period and 210 contracts for specialty shops which should sustain future commercial growth.

On the 31st October, a proposal to promote a reduction in short-haul flights (<2.5 hours) in Spain with train alternatives was announced by Spain's Socialist Workers' Party (PSOE) and the Sumar party. The primary aim being to reduce carbon emissions associated with domestic air travel. Spain aspires to achieve carbon neutrality by 2050, and this proposal is seen as one step towards that goal. In its quarterly call, Aena clarified that airports with connecting traffic, are omitted from this proposal and that currently the vast majority of the domestic routes do not have a rail alternative lasting less than two and a half hours. The concept and discussion around this type of proposal have been circulating for several years prior, fuelled by environmental concerns and international examples. Whilst this will have limited impact on Aena in the short term to medium term, it is a noteworthy development.

For now, Aena will continue to benefit from the growth in demand for air travel to Spain. The increase in volume together with an increase in spend per passenger will lead to increased profitability from commercial activities. Furthermore, Aena's over-investment in the airport network will continue to bear fruit with capital spending remaining relatively muted. This will lead to high free cash flow generation over the investment horizon.

The Cooper Companies completed an excellent year with all-time record revenues of almost $3.6 billion and closing the year with CooperVision posting its 11th consecutive quarter of double-digit organic growth and CooperSurgical posting its 12th consecutive quarter of double-digit organic growth. CooperVision's growth was led by strength in its daily silicone hydrogel contact lens portfolio, and CooperSurgical's growth was led by a very strong quarter in its fertility business. Margins improved and profits were solid with earnings per share up 26%.

Within CooperVision, revenue growth was strong across all geographies, and within most contact lens categories. The MyDay range continues to be the key growth driver in the daily silicone segment. Cooper has just passed the two-year anniversary of the MyDay Multifocal launch, and the pace of growth on this product remains outstanding. The unique combination of an advanced multifocal design paired with an easy-fitting system has resulted in very high satisfaction levels, including a 98% fit success rate. Feedback is consistent that the lenses are easy to insert and remove, and both distance and near vision are clear, with many opticians claiming the lens to be the best multifocal lenses on the market. MyDay Toric (toric lenses correct astigmatism), has seen demand remain strong following the rollout of expansion across North America and Europe. The most recent launch is MyDay Energous, with its innovative digital boost technology designed specifically for today's digital lifestyle and long periods staring at screens. MyDay Energous was recently voted the most innovative product of 2023 by U.S. eye care practitioners. With the success of these MyDay products, Cooper aims to continue rolling them out in additional markets around the world as soon as capacity allows.

One of the fastest growing segments within CooperVision is to myopia Management. Revenues of $35 million were up 41%, with MiSight up 46%, powered by growth in the Americas and EMEA, while Asia Pacific was flat due to challenges in China. Entering 2024, the company expects the positive trends in the Americas and EMEA to continue, and Asia Pacific to return to growth as the region has moved past stocking orders and is already showing improving trends. Cooper has reported high retention rates, growing momentum in key accounts (it's the only contact lens company that white labels lens for the likes of Boots, SpecSavers etc in return for long term contracts), and continued cross selling of additional products as they come online. Over 250,000 children around the world wear MiSight and momentum is growing. MiSight remains the first and only FDA approved contact lens for myopia control, and it's backed by extensive clinical data. This is a crucial differentiator as the proactive management of myopia becomes standard-of-care within the eye care community to help reduce the progression of myopia in children, along with reducing the risks of long-term eye health problems associated with myopia, such as cataracts, retinal detachment, and macular degeneration. The contact lens market grew roughly 7% in the last quarter, with CooperVision taking share, growing 10%. The market should remain healthy, growing 5% to 7% this coming year, supported by the long-term macro growth trend of more people needing vision correction. It's estimated that 50% of the global population will have myopia by the year 2050, up from roughly 34% today. This is driven by kids spending more time indoors, and the related greater use of digital screens, among other factors. When you combine this with the ongoing shift to silicone hydrogel dailies, the increasing focus on higher value products and higher pricing, there should be many years of solid growth for the industry. Within this, Cooper is well positioned to remain the leader with its innovation, robust product portfolio, ongoing product launches, strength in premium Toric and multifocal products, and fast-growing myopia management business.

Moving to CooperSurgical, there were share gains around the world and throughout the portfolio, including consumables, capital equipment, and reproductive genetic testing. Cooper continues investing in geographic expansion, key accounts, and R&D. They enter fiscal 2024 as one of the fastest growing and most innovative fertility companies in the world. The macro growth trends remain intact, starting with women delaying childbirth. Age is a key factor in contributing to the need for fertility assistance, and the median age of a woman's first birth in the U.S. and within several other developed countries is roughly 30 years old and moving higher. Other growth drivers include improving access to treatment, increasing patient awareness, increasing fertility benefits coverage, and technology improvements to address both male and female infertility challenges. The World Health Organization data highlights that one in six people globally are affected by infertility at some point in their lives, and given that one-third of the underlying cause of infertility is women, one-third is men, and one-third is a combination of the two or unknown, this is an issue that impacts a lot of people and will continue to do so in the future.

Within medical devices, Cooper recently closed the acquisition of several highly strategic products from Cook Medical, adding to products within the labour and delivery space. CooperVision are guiding 7% to 9% organic revenue growth in 2024. The main limiter to this growth is capacity challenges from new wearer demand, especially for MyDay. These capacity constraints may pressure revenues in fiscal Q1, resulting in growth of around 7% for the quarter, but the following quarters should see high single digit to double digit growth.

ICE operates global financial exchanges, including the NYSE, and clearing houses and provides mortgage technology, and data services. ICE reported third quarter adjusted earnings per share at a record $1.46, up 11% year-over-year. Net revenues totalled $2 billion driven by double-digit growth in the Exchange segment which was led by 22% growth in the futures platform. The increase in revenue was primarily driven by continued strength in the firm's energy futures, with revenue increasing 45% to $384 million. Some year-over-year growth in energy futures can be explained by a recovery in global natural gas volume, which was disrupted last year by extreme volatility in the European market. However, even accounting for this, ICE's gas futures have been a major source of long-term growth, with natural gas and environmental futures volume growing at a 17% CAGR over the last five years. Trading revenue growth can be volatile as volume can vary significantly from quarter to quarter based on market conditions, but ICE is benefiting from long-term shifts in global energy markets.

The firm's mortgage technology business continues to face difficult market conditions. High mortgage rates have caused a severe decline in origination volume, which is affecting the firm's per-mortgage transaction fees and putting pressure on its customer base. The segment's revenue decreased 7% pro forma for the Black Knight acquisition. The segment's recurring revenue was flat, while transactional revenue decreased 23%. However, the company continues to outperform the broader industry and will see secular strength as it continues to sign new clients. In the servicing solutions business, the closing of the Black Knight transaction has unlocked the pipeline with four new mortgage serving customers including a top 25 servicer, Fifth Bank. This compares to a total of five signings through the first nine months of the year. The current pipeline for mortgage service customers is at its highest level in five years.

Detractors

Charter Communications shares fell when Chief Financial Officer Jessica Fischer said the company could lose broadband subscribers in the fourth quarter. The company saw subscribers drop in October due in part to the effects of its dispute with Disney and higher interest rates, and November was "similarly soft''. Charter has invested billions in efforts to expand its broadband coverage to rural and underserved communities. The company spent $1.1 billion online extensions in the third quarter, driven by rural expansion efforts. But in the short term the issue is that line expansions add little value when people aren't buying homes. The housing market has suffered with mortgage demand at its lowest point in 30 years. This is not surprising given most mortgages are fixed over 30 years and the current rate over than period is around 8%, meaning people are not moving in order to continue to benefit from the low fixed rates currently enjoyed (i.e. they are not trading up). Charter will return to subscriber growth, once we see a rebound in the housing market.

The quarterly results themselves were mixed rather than bad. Total internet segment customers increased by 63,000 to roughly 30.6 million, while mobile lines served grew by 594,000 to a total of 7.2 million. Over 12% of its Internet customers now have the mobile service. At the same time, however, Charter's residential video customers decreased by 320,000 during the quarter. During the conference call following the results, CFO Jessica Fischer estimated around 100,000 of those video disconnects and 15,000 lost internet customers were directly related to the temporary loss of Disney programming during the quarter. The dispute between the two companies only lasted just over a week around the start of the college football season and involved Charter's demand to include ad-supported versions of Disney's streaming services (Disney+, ESPN+, and Hulu) as part of its cable package. Disney had initially balked at the demands, pulling its content off of Spectrum after Charter declined to continue negotiations, but the agreement seems to have given Charter most of what it wanted and restored Disney's ESPN, ABC, and other popular Disney channels to the 15 million Spectrum customers that had lost them. Several of Disney's streaming services will now be offered as part of Spectrum's bundled cable packages. Charter will capture some revenue share from Disney streaming services, either from subscriptions, advertising, or both.

The move to include streaming services on its platform is a smart one for Charter and a reminder that cable providers still have leverage with networks and audiences as they have millions of subscribers. Cable providers also know they can negotiate with Disney and other legacy media companies because cable remains a highly profitable, albeit shrinking, channel for Disney, while Disney and its peers are still burning cash on streaming. In its most recent quarter, Disney brought in $6.7 billion in revenue from linear networks, meaning broadcast and cable programming, while direct-to-consumer revenue reached $5.5 billion. However, the linear-networks segment was much more profitable, bringing in $1.9 billion in operating income, compared to a $512 million loss in direct-to-consumer. While linear TV revenue is shrinking, down 7%, and streaming revenue was up 9%, Disney can't afford to ignore a business bringing in that much profit. As such, it had to play ball with Charter. In the short term, Charter clearly suffered some tangible damage in the form of customer disconnects, but this should be temporary.

Coupled with this, Charter should benefit from the investments made in expanding its footprint, with an expected 300,000 new subsidised rural passings in 2023, as the housing market improves. It has also moved to future proof its offering by increasing the digitalisation of the platforms, in order to preserve fastest Internet and Wi-Fi service claims. Unlike the telcos, which prioritise the most attractive footprints for upgrades, the company's multi-gig speed offerings will be available across its entire footprint. The new hybrid distribution model with the Disney deal is good for consumers and will be a significant step forward for the video ecosystem which was expected to continue to decline. For Charter, the agreement adds value to its video packages and better aligns linear content and DTC apps, which will be included for free in its video products.

Diageo announced that the company's organic sales growth (OSG) anticipated in Latin America and the Caribbean (LAC) is now expected to fall by 20%. This led to a profits downgrade, spooking investors. The fall is attributed to consumers in the region reducing alcohol consumption and opting for less premium alternatives. LAC constitutes 11% of Diageo's total sales. Management clarified that the weakness in demand, leading to high inventory levels, was specific to the LAC region due to market opaqueness and asserted having full visibility in other markets, particularly the US, their largest market. Therefore, despite the challenges in LAC, Diageo reaffirmed its commitment to achieving 5-7% OSG in the medium term. The company continues to see improvement in most markets and strong momentum in Europe and Asia despite the slower than expected recovery in China.

Diageo is the number one player in international spirits, a market which is premiumised and gaining share of total beverage alcohol. The company is a leader in the tequila market, representing ~1/4 of global tequila sales, with Don Julio their leading global brand. Diageo has ambitious plans to further expand Don Julio and Casamigos tequila brands globally including targeting the aperitivo occasion in southern Europe, where it believes, tequila is well positioned to compete. They are also targeting the luxury segment in Asia which is underpenetrated. High-end tequila such as Diageo's Don Julio Ultima Reserva, aged in oak barrels previously used to age bourbon, can command prices over $1,000 a bottle. Medium-term OSG is anticipated to be driven by a mix of volume, pricing strategies, and premiumisation, particularly in China and India. Demand over the longer-term in emerging markets will be underpinned by 600 million more consumers forecasted to come of age by 2032.

To continue to drive premiumisation and share growth, Diageo expects to continue to increase advertising and promotional spending as a percentage of sales. This approach has proven successful over the last decade, and the company's commitment to ongoing investment regardless of the economic environment is very positive. The company is also committed to sustainability. In November, the company announced a global partnership with ecoSpirits to scale the distribution of its portfolio in reusable packaging to 18 markets over the next three years. This agreement follows the previous partnership between the two companies which saw reusable packaging used for their Smirnoff brand in Indonesia in 2022. The ecoTote, designed by ecoSpirits, can be reused up to 150 times and is expected to eliminate the use of 1,000 glass bottles over their lifetime, with an anticipated carbon footprint benefit after the sixth use. The total reductions in carbon emissions and waste will be confirmed after the three-year period.

Bio-Rad Laboratories has two main divisions. The Life Science unit primarily include instruments, software, consumables, reagents, for the areas of cell biology, gene expression, protein purification, drug discovery and manufacture and food safety. These products are based on technologies to separate, purify, identify, analyse, and amplify biological materials such as antibodies, proteins, cells and bacteria. Bio-Rad's Clinical Diagnostic business produces products and a range of technologies and provide clinical information in the blood transfusion, diabetes monitoring, autoimmune, and infectious disease testing markets. These products are used to support the diagnosis, monitoring, and treatment of diseases and other medical conditions.

Bio-Rad Laboratories has been impacted by ongoing challenges to its biopharma customers and obstacles to sales in China. Although earlier in 2023, these issues only impacted Bio-Rad's Life Sciences unit, the company reported that the Clinical Diagnostics businesses is now also being affected. In May, Bio-Rad lowered its full-year guidance to 4.5% revenue growth compared to its previous estimate of 6 to 7% growth. In August, it lowered this expectation again to just under 1% revenue growth in 2023. The firm is now forecasting a revenue decline of approximately 3.5% on a currency neutral basis. This includes an anticipated decline of 12% in Bio-Rad's Life Science business, or a decline of 4 to 5% excluding COVID-related sales, partly offset by an expected 4.5% growth in the Clinical Diagnostics business. During its last quarter, the company reported an overall 7% revenue decline (with Life Sciences down 17%). The firm's COVID-related sales in its Q3 were $300,000 compared to about $17.2 million in Q3 2022. Core revenue, which excludes COVID-related sales, decreased nearly 6%. Bio-Rad reported net income of $106.3 million compared to a net loss a year ago, but this is largely attributed to changes in the value of investments Bio-Rad holds in Sartorius. There is some speculation that the company may divest its investment, given its unlikely it will be able to buy the rest of Sartorius. It's understandable that investors were spooked by another downgrade and specifically the magnitude of the guidance reset in the Life Sciences unit.

Supplying the emerging biopharmaceutical industry with instruments and reagents has become an important part of Bio-Rad's business, and funding constraints in that space, particularly in venture capital for biopharma startups, as well as the unexpected collapse of Silicon Valley Bank, has led these customers to delay orders. Compared to some companies the impact was slower to take hold due to Bio-Rad's Droplet Digital PCR platform (ddPCR), which had some halo effect around it, post COVID. This type of PCR test is highly sensitive and accurate in molecular detection and used in applications like trace DNA detection (e.g. detecting new variant COVID virus by testing wastewater) and rare mutation detection. Whilst funding at start-ups is a short-term issue, the technology will benefit from long term demand growth. There were several noteworthy announcements involving ddPCR during the quarter. On the clinical testing front, Bio-Rad's QX ONE platform has been selected for SMA (spinal muscular atrophy) testing for all newborns in Hong Kong. In the U.S., Geneoscopy announced they have published the results of a pivotal CRC-PREVENT clinical trial, reporting the highest sensitivity for detecting colorectal cancer amongst similar tests powered by the QXDx ddPCR platform. Additionally, Verily won a major multiyear national wastewater testing contract from the Centre for Disease Control based on Bio-Rad's QX600 platform. These will be contributors to future growth but also act a strong reinforcement of the versatility and impact of the technology. Bio-Rad has also attributed the quarterly disappointment to China, stating that anticorruption policies, volume-based pricing, and "Made in China, for China" initiatives in that country have hurt its sales there in both the Life Sciences and Clinical Diagnostics segments. Away from China, there was growth in demand in the U.S. and Europe with continued momentum in the immunohematology and diabetes franchises. There was also some concern over the announcement of the imminent departure of CFO of four years, Ilan Daskal, who will be leaving to pursue another opportunity.

Unilever faced a challenging quarter, disappointing the market with its third-quarter earnings report. Despite meeting analyst consensus for 5.2% organic sales growth, the company experienced a decline in volumes. The business's market share also took a hit, dropping from 41% in Q2 to 38%, following a more significant decrease from 48% in Q1 on a rolling-12-month basis.

While Unilever reiterated its organic growth guidance for FY23 at above 5%, with a slight improvement in underlying margins, commodity inflation guidance for the same period remained unchanged. Positive performance was led by Beauty and Personal Care (BPC), particularly in Beauty & Wellbeing, surpassing consensus with mid-single-digit growth in hair care and skin care. Personal Care also outperformed consensus, driven by robust volume performance and double-digit growth in deodorants. Home care volumes rebounded positively, exceeding consensus and Nutrition was in line. The most substantial decline occurred in ice cream, where volumes fell by -10.1%, attributed to lower consumption and private labels gaining market share.

While the Company's performance has been lacklustre in recent years, the challenges posed by an ineffective management team and unparalleled inflationary pressures should be behind them. On July 1st, Hein Schumacher assumed the role of CEO, succeeding Alan Jope, a move welcomed by investors, including board member and activist shareholder Nelson Peltz, who strongly supports the new leadership. Schumacher, with over 20 years of experience at Unilever and a background at Royal Ahold NV and H.J. Heinz, has already identified key issues facing the company, including a need for better prioritisation. With a focus on the 30 power brands representing over 70% of sales and growing at c.7.5%, Schumacher plans to concentrate investments on these brands and pursue more selective M&A. The emphasis will be on distinctive brands in growing segments with a premium position, incorporating science and innovation for added value. As part of the streamlining initiative, Unilever is set to sell Elida Beauty to Yellow Wood Partners, including approximately 20 non-core beauty brands such as Q-tips, Brut, and Caress, with the deal expected to close in mid-2024. Simultaneously, the company announced the acquisition of the biotech haircare brand K18 to expand its Prestige beauty portfolio, with the deal anticipated to be completed in Q1 2024. The acquisition will complement the company's fast-growing portfolio of premium, culturally relevant consumer brands.

Alongside the new CEO, Ian Meakin, with a successful track record at Wolseley, joined as the new Chairman. These changes coincide with a significant reorganisation initiated by Jope but strongly endorsed by Schumacher, involving granting full global P&L accountability to divisional heads, departing from the prior matrix structure.

Becton Dickinson (BD) is a medical technology company that develops, manufactures, and sells a range of medical supplies, devices, laboratory equipment, and diagnostic products. BD posted increases in revenues despite the continuing erosion of COVID-19 diagnostic sales. During the company's fourth quarter, it collected $5.1 billion, for a 6.8% gain over the same period in 2022. Excluding COVID testing, that growth rate was 7.3%. Its full 2023 fiscal year earnings came to $19.4 billion, for a rise of 2.7% or 5.1% for its non-COVID base business. BD benefits from a backdrop of three irreversible forces shaping health care -connected care, new care settings and chronic disease. Against this context, the company instigated its BD 2025 strategy in 2020, outlining financial targets, including 5.5% p.a. growth and appears to be showing strong execution against strategic priorities. First, the company delivered its number one priority, obtaining FDA clearance for the updated BD Alaris infusion system. The Alaris hospital drug delivery system has seen more than half a dozen serious hardware and software recalls since 2020, in addition to cybersecurity concerns and a years-long hold on distribution. The new green light from the FDA, handed down in July 2023, covers a handful of hardware and software upgrades, as well as new features for built-in patient monitoring. Post clearance, priority remains remediation, scaling up manufacturing and engaging with customers on the many benefits of the updated system that include advanced cybersecurity, wireless connectivity and other clinical and patient safety upgrades.

The second priority is developing new solutions. Within Pharmaceutical Systems, which has achieved 13 consecutive quarters of double-digit growth, there are new self- injection solutions to empower the delivery of new biologics, many administered by patients at home, such as the growing drug class of GLP-1s for diabetes and weight loss. The company also obtained a full FDA clearance for its "tripledemic" infection test, which checks for COVID, influenza and respiratory syncytial virus, or RSV. BD reiterated that it is on track to achieve its target of over 100 new product launches by FY '25.

Thirdly, in addition to its investments in R&D, the tuck-in M&A strategy has been very impactful, targeting higher-growth markets. This includes the acquisition of Parata Systems, which is part of the pharmacy automation business that is growing double digits. At nearly $700 million in revenue, BD Pharmacy Automation is one of the largest robotics and health care process automation businesses in med tech, focused on improving pharmacy labour efficiency and reducing errors.

Fourth, BD continued its simplification initiatives in FY '23 and actively manage its portfolio, divesting the surgical instrumentation business and executing a program of strategic portfolio exits, allowing it to continue to reallocate resources into more strategic, higher growth areas. The company has been impacted by softness in China driven by market dynamics including volume-based procurement, especially in its medical division. Inflation has moderated from the peak high levels overall, but remains elevated compared to pre-pandemic norms, including higher labour rates in transportation and manufacturing, higher cost of energy and certain raw materials.
While there continues to be a heightened degree of macro uncertainty heading into FY '24, BD reiterated that it is well positioned to deliver strong performance through this environment. It was against this positive backdrop that investors were disappointed by the conservative guidance on earnings, with EPS guided in the range of $12.70 to $13, when something well over $13 was expected, given the modest growth in 2023. There is clearly room to surprise on the upside. Veritas Asset Management is encouraging all investee companies to show GHG emissions targets verified by the Science Based Target Initiative and encouraged that BD has submitted its targets for verification.

3. Current Positioning

Top 10 Portfolio Holdings

Holding	Sector	Country	Portfolio %
Airbus	Industrials	France	5.8
Amazon.com	Consumer Discretionary	United States	5.7
Alphabet	Communication Services	United States	5.7
Mastercard	Financials	United States	5.5
Vinci	Industrials	France	5.2
Diageo	Consumer Staples	United Kingdom	5.0
Intercontinental Exchange	Financials	United States	4.9
Canadian Pacific Kansas City	Industrials	Canada	4.9
Aena SME	Industrials	Spain	4.4
Fiserv	Financials	United States	4.3
Total			51.3

Please refer to portfolio commentary under items 1 and 2 for further information on current positioning and outlook.

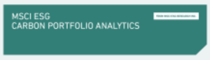
4. Responsible Investment

ESG: Environmental, Social and Governance

International Norms and Standards

Proxy Voting Report

Carbon Portfolio Analytics Report



International Norms and Standards - United Nations Global Compact Screen ("UNGC")

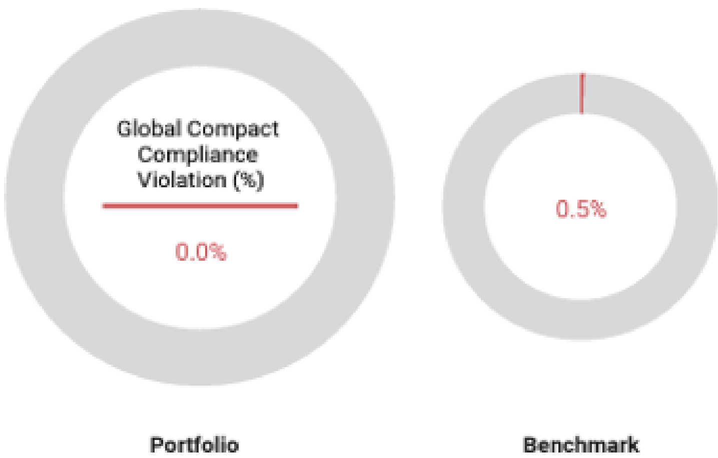
The United Nations Global Compact Screen ("UNGC") identifies companies involved in controversies where the company's alleged actions constitute a violation of one or more of the ten principles that cover environmental, anti-corruption, human rights and labour standards. The framework encourages signatories to share best practices in order to become better, more sustainable organisations.

On a monthly basis, utilising MSCI ESG Research data and an alert system, Veritas reviews all investee companies to determine if a company fails any of the global compact principles. If there are notable changes during the month, our system will distribute an email alert to the Investment Team, Compliance Team, and ESG Team. Veritas will identify which principle has been violated, assess the materiality of the violation, and engage with the business if required.

Fail	The company is implicated in one or more controversy cases where there are credible allegations that the company or its management inflicted serious large-scale harm in violation of global norms.
Watch List	The company is implicated in one or more controversy cases that are serious and warrant ongoing monitoring. However, based on information available to date, it does not constitute a significant breach of global norms according to the methodology.
Pass	According to the methodology, the company has not been implicated in any controversy case constituting a significant breach of global norms within the last three years.

As illustrated in the diagram below, during the three months to 30 September 23, 0% of companies held in the Fund "Failed" the UN Global Compact screen. Two companies in the Fund (9.3%) were listed on the Global Compact "Watchlist". For example, Unilever Plc is listed on the watchlist for a potential breach of **Principle 7: Businesses should support a precautionary approach to environmental challenges,** specifically concerning allegations of criticism by NGOs over the company's alleged contribution to global plastic pollution. Veritas will continue to monitor the company's progress in this area. Should this flag escalate to a "Fail", we will have cause to engage.

United Nations Global Compact Violations (%)



	Portfolio	Benchmark	Active
Global Compact Compliance Violation (%)	0.0%	0.5%	-0.5%
Global Compact Compliance Violation or Watch List (%)	9.3%	16.6%	-7.3%

Additional Global Norms Framework Violations (%) [1]

Human Rights Norms Violation (%)	0.0%	0.5%	-0.5%
Human Rights Norms Violation or Watch List (%)	5.8%	16.2%	-10.5%
Labor Norms (%)	0.0%	0.0%	0.0%
Labor Norms Violation or Watch List (%)	5.8%	13.0%	-7.2%

As long term equity investors, we vote all resolutions in the best interests of shareholders

Veritas is committed to evaluating and voting proxy resolutions in our clients' best interests. We will vote on all proxy proposals, amendments, consents, or resolutions. We will vote against management where we firmly believe doing so is in the client's best interests. This will primarily occur where the matter to be voted upon will affect shareholder value.

Our Voting Policy is made up of two parts, one of which is ESG specific. We vote on all resolutions and our third party proxy advisor, Institutional Shareholder Services ("ISS"), will provide vote recommendations and vote execution services. We also follow a custom ESG Red Line policy. The Red Lines contain 29 guidelines covering topics associated with ESG.

The Association of Member Nominated Trustees ("AMNT") developed the Red Line initiative to enable pension schemes to take a more active ownership role. Whilst segregated clients own the underlying shares and can direct managers on how to vote, pooled fund investors own units in an underlying Fund, making it challenging to direct voting. We have mandated ISS to construct a customised screen for various ESG issues, which incorporates the AMNT ESG Red Lines, applied globally on a best endeavours basis.

Where a red line is breached, the ESG vote recommendation will take precedence over the standard policy recommendation. If we choose not to vote against management, we will explain the rationale for why not (comply or explain). Often, we will set management targets in writing and agree a timeline for these to be achieved. We will then vote with management but explain that if the targets are not met, we will vote against them at the next Annual General Meeting ("AGM").

The first section of this report details the overall votes cast and the breakdown of these votes. In cases where we voted "AGAINST" management, rationale is provided.

During the period there were 3 meetings and 49 votable resolutions across the companies: Automatic Data Processing, Inc., Microsoft Corporation and Sonic Healthcare Limited.

Voting statistics	
Meetings voted	3
Votes Cast	49
Votes "FOR" Management	48
Votes "AGAINST" Management	1

Votes by country	%
United States	49.0
United States	30.6
Australia	20.4

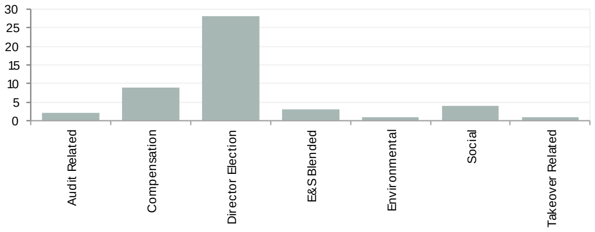
Votes by Industry sector [1]	%
Software	49.0
Professional Services	30.6
Health Care Providers & Services	20.4

Proxy Voting: Proposal Categorisation

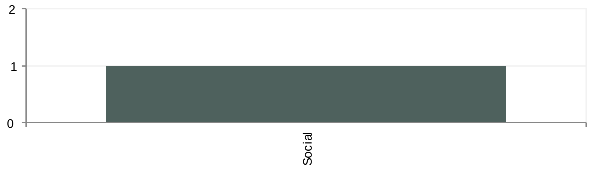
Vote categorisation [1]

Category	Votes "FOR" Management	Votes "AGAINST" Management	Total
Audit Related	2	–	2
Compensation	9	–	9
Director Election	28	–	28
E&S Blended	3	–	3
Environmental	1	–	1
Social	4	1	5
Takeover Related	1	–	1
Total	48	1	49

Votes "FOR" Management Categorisation



Votes "AGAINST" Management Categorisation



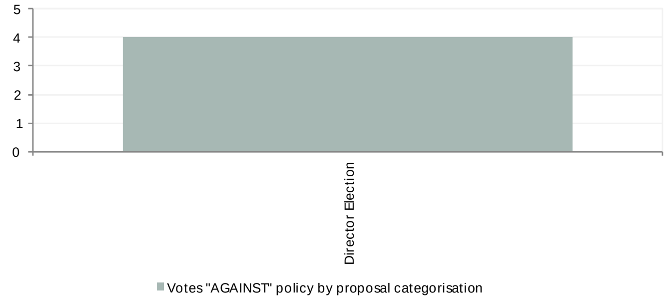
VAM LLP Rationale – Votes “Against” Management Recommendation

Report Item	Company	Country	Sector	Proposal	Management Vote Recommendation	VAM LLP Vote	Voter Rationale
1	Microsoft Corporation	United States	Information Technology	Report on Risks of Operating in Countries with Significant Human Rights Concerns	“AGAINST”	“FOR”	A vote FOR this proposal was warranted. Shareholders would benefit from increased disclosure regarding how the company is managing human rights-related risks in high-risk countries.

Across the 49 resolutions voted during the period, the overall number of resolutions which triggered the Red Line element of our customised policy was 4. We voted in line ("FOR") on 0 resolutions and contrary to ("AGAINST") for the remaining 4 resolutions. In keeping with the AMNT requirement to either comply or explain, please see below rationale examples where votes cast have resulted in a vote "Contrary to" the Red Line element of our policy. Should you require further examples of rationale please contact us directly.

Votes "FOR" and "AGAINST" VAM LLP Policy

Votes	Red line[1]	Total
Number of votes "FOR" Policy	–	45
Number of votes "AGAINST" Policy	4	4
Total	4	49



VAM LLP Rationale – Votes “Contrary to” VAM LLP Policy Recommendation

Report Item	Company	Country	Sector	Proposal	Red Line Vote Recommendation	VAM LLP Vote	Voter Rationale
1	Automatic Data Processing, Inc.	United States	Industrials	Elect Director Scott F. Powers	“AGAINST”	“FOR”	Veritas voted contrary to the guidance provided by Red Line E3 - The company has failed to commit to introducing and disclosing science-based emission reduction targets with a coherent strategy and action plan in line with a 1.5-degree scenario. Automatic Data Processing (ADP) is committed to reducing Scope 1 & 2 GHG emissions by 25.2% by 2025 and 50% by 2030, using 2019 as the base year, with the ultimate goal of achieving Net Zero emissions by 2050. While their targets are formulated using a science-based approach, they have not committed to SBTi verification, which prompted the policy guidance. To achieve these objectives, ADP plans to invest in renewable energy, infrastructure efficiency, and sustainable alternatives. Their initial objectives include expanding the adoption of onsite solar energy in multiple U.S. locations. Direct procurement of renewable energy, with some offices in Spain (solar) and the Netherlands (wind) already operating on 100% renewable energy. They are exploring additional locations where feasible. Optimizing facility structures, including equipment upgrades. Utilizing Power Purchase Agreements (PPAs) for emissions reduction where direct reduction is not feasible. Although SBTi verification is preferred, this is the first time the policy guidance has been triggered for ADP. Therefore, engagement with management will occur, and the matter will be reassessed ahead of the 2024 AGM.
2	Sonic Healthcare Limited	Australia	Health Care	Elect Neville Mitchell as Director	“AGAINST”	“FOR”	Veritas voted contrary to the guidance provided by Red Line G10 - The company's statutory auditors have for a period of 15 years or more been the same or drawn from the same firm. We do not view the company’s statutory auditors having been in place for 15 years or more a reason to vote against a director given the dearth of competitors in audit for larger companies of > USD3bn which we invest in. Furthermore, the evidence that tenured auditors lead to poor governance is mixed at best.

Please feel welcome to get in touch with us for more information on carbon analytics and risk management.

Disclaimer

This is a marketing communication. Please refer to the prospectus, the key investor information documents (the **KIIDs/PRIIPS KIDs**) and the financial statements of Nedgroup Investments Funds plc (the **Fund**) before making any final investment decisions.

These documents are available from Nedgroup Investments (IOM) Ltd (the **Investment Manager**) or via the website: www.nedgroupinvestments.com.

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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 as amended and as may be amended, supplemented, or consolidated from time-to-time and any rules, guidance or notices made by the Central Bank which are applicable to the Fund. The Fund is domiciled in Ireland. Nedgroup Investment (IOM) Limited (reg no 57917C), the Investment Manager and Distributor of the Fund, is licensed by the Isle of Man Financial Services Authority. The Depositary of the Fund is Citi Depositary Services Ireland DAC, 1 North Wall Quay, Dublin 1, Ireland. The Administrator of the Fund is Citibank Europe plc, 1 North Wall Quay, Dublin 1, Ireland.

The sub-funds of the Fund (the **Sub-Funds**) are generally medium to long-term investments and the Investment Manager does not guarantee the performance of an investor's investment and even if forecasts about the expected future performance are included the investor will carry the investment and market risk, which includes the possibility of losing capital.

The views expressed herein are those of the Investment Manager / Sub-Investment Manager at the time and are subject to change. The price of shares may go down as well as up and the price will depend on fluctuations in financial markets outside of the control of the Investment Manager. Costs may increase or decrease as a result of currency and exchange rate fluctuations. If the currency of a Sub-Fund is different to the currency of the country in which the investor is resident, the return may increase or decrease as a result of currency fluctuations. Income may fluctuate in accordance with market conditions and taxation arrangements. As a result an investor may not get back the amount invested. Past performance is not indicative of future performance and does not predict future returns. The performance data does not take account of the commissions and costs incurred on the issue and redemption of shares.

Fees are outlined in the relevant Sub-Fund supplement available from the Investment Manager's website.

The Sub-Funds are valued using the prices of underlying securities prevailing at 11pm Irish time the business day before the dealing date. Prices are published on the Investment Manager's website. A summary of investor rights can be obtained, free of charge at www.nedgroupinvestments.com.

Distribution : The prospectus, the supplements, the KIIDs/PRIIPS KIDs, constitution, country specific appendix as well as the annual and semi-annual reports may be obtained free of charge from the country representative and the Investment Manager. The Investment Manager may decide to terminate the arrangements made for the marketing of its collective investment undertakings in accordance with Art 93a of directive 2009/65EC and Art 32a of Directive 2011/61/EU.

U.K: Nedgroup Investment Advisors (UK) Limited (reg no 2627187), authorised and regulated by the Financial Conduct Authority, is the facilities agent. The Fund and certain of its sub-funds are recognised in accordance with Section 264 of the Financial Services and Markets Act 2000.

Isle of Man: The Fund has been recognised under para 1 sch 4 of the Collective Investments 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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