NEDGROUP INVESTMENTS

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Nedgroup Investments Contrarian Value Equity Fund

Quarter Four, 2024

Marketing Communication

Nedgroup Investments Contrarian Value Equity Fund

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

Past performance is not indicative of future performance and does not predict future return

USD performance to 31 December 2024	Nedgroup Investments Contrarian Value Equity Fund[1]	MSCI ACWI
3 months	-1.6	-1.0
1 year	14.3	17.5
3 years (p.a.)	6.4	5.4
Since inception (p.a.)	9.3	9.8

Source: Morningstar

Overview

The Nedgroup Investments Contrarian Value Equity Fund ("the Fund", "NCVE") declined 1.6% for the quarter but gained 14.3% for the trailing twelve months. The Fund captured 81.7% of the MSCI ACWI's gain in the trailing twelve months.

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

Net Performance versus Illustrative Indices[2]

Past performance is not indicative of future performance and does not predict future return

	Q4 2024	Trailing 12 months
Nedgroup Contrarian Value Equity Fund	-1.6	14.3
MSCI ACWI	-1.0	17.5
S&P 500	2.4	25.0

Source: Morningstar

Portfolio & Market Discussion

The ACWI increased 38.98% in the two years ending 2024, five times its 7.7% cumulative earnings growth. The global market is more richly valued than the target-rich environment at the end of 2022, with a price-to-earnings (P/E) ratio that is approximately 29% higher.

[1] **For illustrative purposes only**. Reflects the net USD return for the Nedgroup Investments Contrarian Value Equity Fund, D class.

[2] Comparison to the indices is for illustrative purposes only. The Fund does not include outperformance of any index or benchmark in its investment objectives. An investor cannot invest directly in an index.

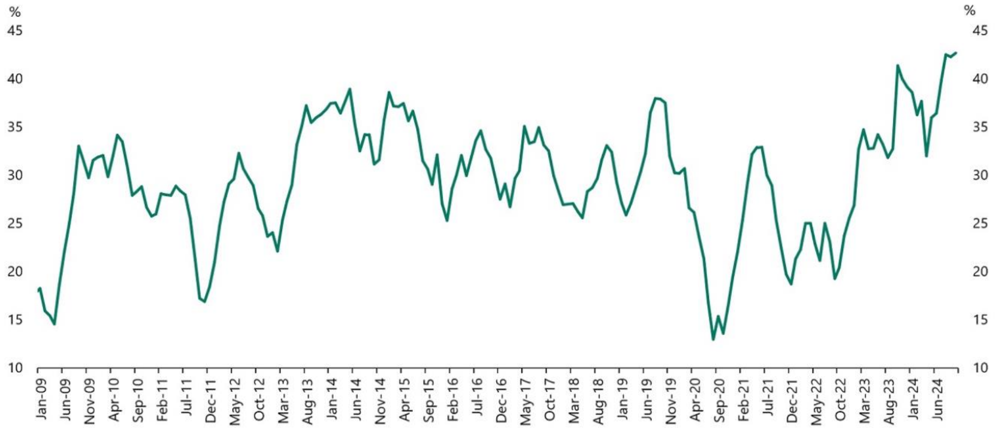
Past performance is no guarantee, nor is it indicative, of future results.

MSCI ACWI Return, Earnings Growth and Valuation[3]
2022-2024

	MSCI ACWI		
	Return ex-Div	**Earnings Growth**	**P/E TTM**
2022	-19.80%	5.3%	15.2
2023	20.09%	-0.7%	18.4
2024	15.73%	8.5%	19.6
YE 2022 to 2024			
Cumulative	38.98%	7.7%	
Pct Change			28.9%
Change			

Good stock market performance tends to breed investor complacency. Today, the largest proportion of investors since the Great Financial Crisis believe that there is less than a 10% probability of a stock market crash.

Percent of Investors who Believe There is Less than a 10% Probability of a Stock Market Crash[4]
January 2009 to November 2024



Believing that little can go wrong creates the danger that one can lose more than they believe possible. Greater exposure at higher valuations is rationalized. You can see examples of the resulting frothiness in the following charts.

Three occasions occurred in the last thirty years when enterprise value-to-sales (EV/Sales) reached such a distended level. When complacency takes center stage, caution often finds itself relegated to the wings, allowing valuations to reach inappropriate levels.

[3] Source: Bloomberg. As of December 31, 2024.
[4] Source: Apollo Academy. As of November 30, 2024. https://www.apolloacademy.com/bullish-sentiment-in-the-stock-market/.
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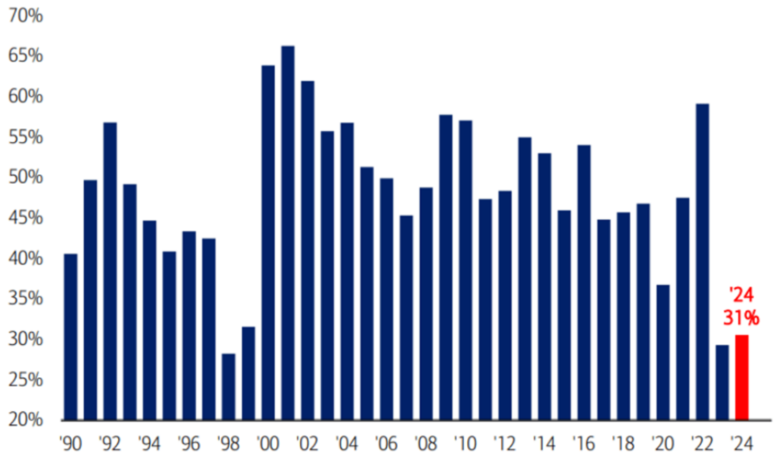
Stocks with Enterprise Value/Sales Ratios >10x[5]
December 1995 to November 2024

Only a small percentage of stocks (~30%) in the S&P 500 outperformed the index in 2023 and 2024. The last time we witnessed such concentration was in the internet bubble at the turn of the century.

Percent of Companies Outperforming the S&P 500[6]
1990-2024



Momentum stocks have led the market, particularly in 2024. According to Morgan Stanley, "…momentum ruled more than any other factor. Sure, high growth and high-quality stocks have outperformed low growth and junkier stocks, but high momentum stocks have exploded higher (relative to low momentum stocks). The current momentum run is one of the top momentum runs since 1995, with high momentum stocks outperforming low momentum by +28% year-on-year as of Dec 11th, *a two standard-deviation event*."[7]

[5] Source: Compustat. Goldman Sachs. As of November 30, 2024.
[6] Source: BofA Global Research. BofA Global Investment Strategy. As of December 10, 2024.
[7] Global Multi Asset Thought of the Week. Momentum Ruled in 2024, But Reversal Likely in 2025.Morgan Stanley. December 23, 2024. https://www.morganstanley.com/im/en-us/individual-investor/insights/articles/momentum-ruled-in-2024.html#:~:text=In%202024%2C%20momentum%20ruled%20more,relative%20to%20low%20momentum%20stocks).

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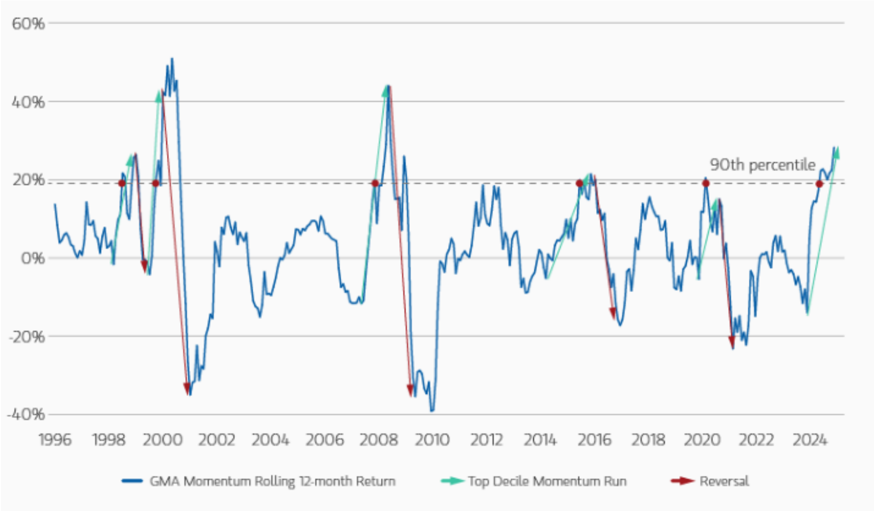
Momentum Year-On-Year Returns[8]
1997-2024



Momentum's gravitational pull can bring lesser planets into its orbit, as is the case with cryptocurrency which had a big year. We find it hard to believe that you can earn money by telling fart jokes, yet there's a billion-dollar market for the crypto FART COIN. This likely suggests that caution is warranted, though we don't know what or when things might implode.

Many less flatulent companies trade at indefensible prices. Beyond the "Magnificent Seven" stocks (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla), numerous other more mundane but good businesses have tapped into investor zeitgeist and in our opinion have achieved cult-like status. The admittedly curated list of companies below that, among other things, sell paint, uniforms, mops, air conditioning and heating equipment, and store old paper documents have seen their stocks soar and now trade at approximately 40x 1-year forward earnings. Their average P/E is nearly 3x the estimate of their next 3-year *projected* earnings growth. We find it difficult to accept that they trade at such high multiples, especially when we believe NCVE's equity positions offer better value and trading at a lower P/E.

Less Magnificent but Still Expensive[9]

	P/E		3-Year Earnings Growth		1-Year Forward P/E
	10-Year Avg. TTM	1-Year Forward	Trailing	Forward	3-Year Forward EPS Growth
Cintas	34.0	39.9	15.6%	13.1%	3.0
Costco	35.9	49.0	13.6%	9.2%	5.3
Iron Mountain	42.9	52.8	-38.8%	86.4%	0.6
Sherwin Williams	29.9	26.8	12.9%	17.6%	1.5
Watsco	28.0	32.5	6.7%	10.0%	3.2
Average	34.1	40.2	2.0%	27.3%	2.7
NCVE equity positions	-	15.7	-3.4%	25.8%	0.6

A more expensive US market does not mean all stocks are expensive. We continue to find potentially better value overseas and in small and medium-sized US companies. Using third party consensus estimates, the Fund's diversified equity portfolio, of what we believe to be market-leading businesses, trades at 15.7x projected earnings and a 2.1x book value, with 26% expected earnings growth over the next three years. We hold many stocks in the portfolio that the world has not fallen in love with, allowing for a portfolio that trades at a lower valuation and with projected above-market growth, which should serve our investors well.

[8] Source: Global Multi Asset Thought of the Week. Momentum Ruled in 2024, But Reversal Likely in 2025.Morgan Stanley. December 23, 2024. https://www.morganstanley.com/im/en-us/individual-investor/insights/articles/momentum-ruled-in-2024.
[9] Source: Factset consensus as of January 22, 2025.
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Valuation and growth rate of NCVE equity positions vs indices[10]

As of 31 December 2024	Price/Earnings 1-Year Forward	Price/Book	3-Year Forward Estimated EPS Growth
Nedgroup Contrarian Value Equity Fund			
Equity Portfolio	15.7x	2.1x	26%
vs. MSCI ACWI	*87%*	*64%*	*188%*
vs. S&P 500	*72%*	*41%*	*146%*
MSCI ACWI	17.9x	3.3x	14%
S&P 500	21.5x	5.0x	18%

We occasionally show global valuations to help explain changes in regional portfolio weightings. However, that does not take into account the quality of business or industry sector, and the US market ranks higher on both counts. Nevertheless, you can see the valuation gap is about as wide as it has been since 2000.

MSCI Forward P/E: US vs All-Country World ex-US[11]
2001-2024

The following graph better supports the Fund's international tilt by assessing the current valuations of each region compared to their averages over almost thirty years. While US stocks trade near their historic highs, other regions are at or below their average.

[10] 3-Year Forward Estimated EPS Growth is based on FPA calculations using consensus data from Factset. Forward Price/Earnings and 3-Year Forward Estimated EPS Growth are estimates and subject to change. Comparison to the S&P 500 and MSCI ACWI Indices is being used as a representation of the "market" and is for illustrative purposes only. The Fund does not include outperformance of any index or benchmark in its investment objectives. References to NCVE "equity portfolio" refers to the valuations of the Fund's equity holdings only. The equity statistics shown herein are for illustrative purposes only and may not reflect the impact of material economic or market factors. No representation is being made that any account, product or strategy will or is likely to achieve results similar to those shown. Long equity statistics noted herein do not represent the results that the Fund or an investor can or should expect to receive. Fund shareholders can only purchase and redeem shares at net asset value. Portfolio composition will change due to ongoing management of the Fund.

[11] Source: LSEG Datastream, Yardeni Research, MSCI, and IBES. As of December 19, 2024.

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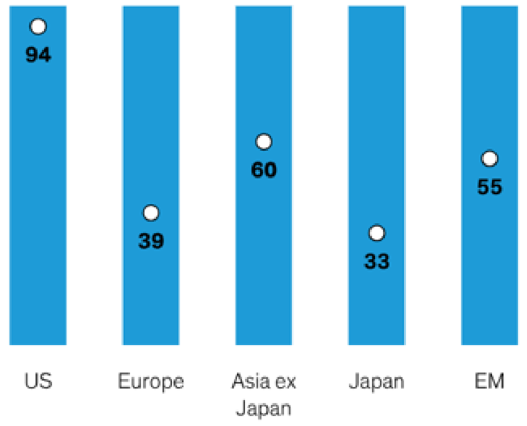
Regional Valuations[12]
Price/Forward Earnings (Next 12 Months)
Percentile Rank Since 1996



Current P/FE (Next 12 Months)				
22.3x	13.3x	12.6x	14.2x	11.8x

With respect to the recent performance of the Fund, in the previous twelve months, NCVE's top five performers contributed 10.1% to its return while its bottom five detracted 3.7%.

Trailing Twelve-Month Contributors and Detractors as of 31 December 2024 (%) [13]

Winners	Performance contribution	Average weight	Losers	Performance contribution	Average weight
Meta Platforms	2.9	5.6	Heineken	-1.0	3.0
Alphabet	2.7	8.6	JDE Peet's	-0.8	1.8
Citigroup	1.6	4.7	Glencore	-0.7	2.3
Wells Fargo	1.5	3.4	Comcast	-0.7	5.0
Holcim	1.4	5.5	LG	-0.5	1.5

Source: FPA

We will review the following companies that have impacted portfolio performance.[14]

Meta Platforms is one of the largest social media companies in the world. Meta shares were the largest contributor to performance during 2024. The company's revenue and profitability continue to expand as ad impressions increase, though heavy spending on artificial intelligence initiatives remains a focus.

[12] Source: AB Funds. Mapping Out the 2025 Investment Landscape Across Asset Classes December 5, 2024. Data as of November 30, 2024. https://www.abfunds.com.sg/sg/en/investor/insights/investment-insights/mapping-out-the-2025-investment-landscape-across-asset-classes.html

[13] Reflects the top five contributors and detractors to the Fund's performance based on contribution to return for the trailing twelve months through 30 December 2024. 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 0.75%. 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.

[14] The company data and statistics referenced in this section, including competitor data, are sourced from company press releases, investor presentations, financial disclosures, SEC filings, or company websites, unless otherwise noted.

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Alphabet is a holding company that owns and operates Google platforms, subscription services, and devices. The stock was a leading contributor for both the fourth quarter of 2024 as well as the full year. The company saw strong revenue growth in its search business and in the cloud division, bolstered by client demand in its artificial intelligence solutions.

Citigroup and **Wells Fargo**, large U.S.-based money center banks, were also among the largest contributors to performance in the quarter and for the year as markets appeared to embrace possible tailwinds with the new presidential administration, including the potential for accommodative tax policy and less government regulation. Citi reported strong investment banking fee income, but net interest income contracted marginally. Wells continued to repurchase shares in the quarter after announcing a $30 billion buyback program in the middle of the year. Additionally, the company reported growth in fee income and continued progress on its cost control efforts.

Heineken is a global beer business with 150 years of heritage and has market-leading positions in its various markets. Over the past year, the company's shares have derated and now trade at 11x earnings. With 55% of revenue coming from faster-growing developing countries, we think Heineken has a good chance to maintain the mid-single-digit growth (revenue and EBITDA) that the company produced in the last decade. We like that that company has a strong balance sheet, meaningful dividend and opportunity to begin share buybacks.

Glencore is a global mining and marketing company with essential positions in commodities of the past (thermal coal) and future (copper, cobalt, nickel, and met coal). Shares have derated on the back of Chinese economic weakness and softer commodity prices. We think that Glencore's management is the best in the business. The company operates with a strong balance sheet and returns excess capital to shareholders through a variable dividend and share repurchases. The shares currently trade at 9x FCF (average of the past 5 years and estimate for 2025).

Comcast is a leading broadband and media business. Competition in the broadband business and the media industry's evolution has pressured the company. The media side of the company tends to make headlines, but the broadband business is responsible for most of the economics. Competition from fixed wireless and overbuilders has resulted in shrinking subscribers. We think the business will emerge no worse than an average telecommunications company, which currently trades as such - our downside case. Pricing and the company's growing wireless offering, however, have allowed the company to continue to grow, which we believe leaves attractive upside for the stock.

LG Corp is a Korean conglomerate with exposure to various businesses, ranging from chemicals and cosmetics to the local Coca-Cola bottler, to name those that start with "C." Despite the multiple operating businesses that introduce some complexity to the investment thesis, the actual structure of the holding company is relatively clean, and the parent company's balance sheet is robust. We continue to find the valuation to be highly asymmetric, with a look through earnings multiple on after-tax earnings that we calculate to be in the single digits on a look-forward basis, complemented by recent share repurchases and a trailing dividend yield of more than 4%.

Portfolio Activity[15]

The Fund added two investments during the quarter – Grupo Mexico and NOV Inc. The Fund did not make any material increases or decreases in positions during the quarter but exited two positions – Just Eat Takeaway and Netflix.

[15] 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.

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Portfolio Profile

There were 43 equity positions in the Fund with the top five holdings comprising 30.0% and the top 10 comprising 50.1% of the portfolio (based on total assets) as of 31 December 2024. The top three sector exposures in the Fund, based on the Global Industry Classification Standard (GICS) sector classification, are Communication Services, Consumer Discretionary, and Information Technology which comprise 49.5% of the total assets of the Fund. As a percentage of equity, the Fund has 40.1% non-US exposure and 59.9% exposure in the US.[16]

Closing

Rudyard Kipling's poem *Brother Square Toes* encourages the reader to maintain their values despite adversity. Looking past its antiquated male-centric view, its message emphasizes the virtues of humility, integrity, and self-belief that embody a good leader (and hopefully portfolio manager). It begins, "If you can keep your head when all about you are losing theirs…" which is what we have done in the past and hope to continue to do with the expectation that it should help your portfolio's performance. Thoughtful stock selection by your portfolio managers, ever mindful of what can go wrong, will hopefully translate into a better and smoother journey than holding the cult stocks that seem to worry very few.

Thank you, as always, for your continued confidence in our Contrarian Value Equity Strategy.

Respectfully submitted,

FPA Contrarian Value Portfolio Management Team

[16] '*As a Percentage of Equity'* excludes cash & cash equivalents. Portfolio composition will change due to ongoing management of the Fund.
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Fees are outlined in the relevant Sub-Fund supplement available from the Investment Manager's website.
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Issue Date: 5 February 2024

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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.

Portfolio composition will change due to ongoing management of the Fund. References to individual securities or sectors should not be construed as a recommendation by the Fund, the portfolio managers, or the investment manager or sub-investment manager to purchase or sell such securities or invest in such sectors, and any information provided is not a sufficient basis upon which to make an investment decision. It should not be assumed that future investments will be profitable or will equal the performance of the security or sector examples discussed.

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