NEDGROUP INVESTMENTS

see money differently

Nedgroup Investments Global Equity Fund

Quarter One, 2025

Marketing Communication

1. Market Overview and Outlook

Last quarter's commentary highlighted several reasons why we felt the very strong performance from equity markets, in particular the degree to which gains in large cap US indices had outpaced earnings growth, meant markets levels felt increasingly fragile. In 2024, index gains became progressively more reliant on a small number of Mega Cap technology related stocks. Conversely, we found ourselves increasingly drawn to parts of the market offering lower but more predictable growth and whose valuations relative to the market were at historically depressed levels. We also entered 2025 holding somewhat higher cash levels than was the case for most of last year.

While overall market levels were little changed in Q1 (the MSCI World fell 1.8% in USD), 2025 has thus far been characterised by a significant and refreshing shift in investor behaviour. Headlines were dominated by geopolitics and President Trump's inauguration but investors hoping for a resultant sugar-rush reminiscent of his first term have thus far been disappointed. Instead of the shareholder-friendly slashing of corporate tax rates, the principal theme this time around is tariffs, the ultimate impact of which is uncertain but almost certainly of a more sober variety. US indices were notable underperformers in the period.

Amidst this backdrop, technology was the worst performing sector in the quarter, albeit this was a modest dent in what has been a decade and a half of sizeable outperformance. The other side of the ledger comprised an eclectic mix of sectors lead by Energy and Utilities (neither of which is represented in the fund) as well as many high-quality businesses residing in modestly growing but durable industries. One such example of the latter is AON, a stock which entered the portfolio in the first half of 2024 and warrants further discussion as we think it aptly demonstrates some important aspects of our process.

A good business suffering temporary controversies

"All you have to do is wait,' I explained. 'Sit tight and wait for the right moment, not try to change anything by force, just watch the drift of things… If you do that, you just naturally know what to do."
- Haruki Murakami

Our approach has always been to carefully identify and vet a select cohort of businesses that (a) we think are of demonstrably higher than average quality and (b) we can understand and value. We research and follow these businesses that comprise our Universe List and patiently await the opportunity to invest when they offer a meaningful margin of safety. Our hope is that a combination of analytical skill, temperament and long-time horizon leads us to opportunistically invest in good businesses with which the market has temporarily fallen out of love. We think having a well-defined and repeatable process improves the likelihood of making good decisions in such moments.

AON is the third biggest commercial insurance broker globally and also has sizeable operations in commercial reinsurance brokering and health benefits. It is a longstanding constituent of our Universe List and we previously invested in its largest competitor, Marsh & McLennan, between 2010 and 2013. It is an objectively good business boasting consistently high returns on invested capital and free cash flow margins averaging more than 20% in the past five years. Earnings per share is at a Compound Annual Growth Rate (CAGR) of 10-11% over the past decade and the last time it reported a year of organic revenue decline was in the depths of the Global Financial Crisis, with a minor (1%) decrease in 2009. Its attractive financial characteristics are, in our view, the result of hard-earned scale and network effect advantages combined with an economically resilient end market and a capable management team.

Commercial insurance broking contributes half of the group's revenue. This market can be segmented by customer size and AON has historically over-indexed to large enterprises. While we slightly prefer this exposure to mid and small sized clients, the latter have historically shown faster market growth and offer significant consolidation opportunity for larger operators. In late 2023, AON announced it was acquiring mid-market broker NFP for $13 billion. Investors took fright and the stock immediately de-rated, alerting us to a potential opportunity. Shortly after that, AON's 2023 results missed expectations for reasons we considered temporary and in March 2024 we started a position.

Q1 2024 results brought further disappointment the following month. Over the long term, AON's growth has been similar to that of peers, but AON suffered a deceleration in growth for its commercial broking business when competitors reported the opposite. Different end market exposures explained some (but not all) of the discrepancy. In addition, longstanding and well-regarded CFO Christa Davies announced she was retiring, causing a further de-rating of the shares. Our due diligence suggested little reason to believe AON's underperformance should persist, and our judgment was that undue weight was being attached to a very short period of operating performance. As for the CFO departure, we would certainly prefer this not to have happened whilst a large deal was completing, but, after speaking to her, were satisfied nothing untoward contributed to her departure.

The importance of capital allocation

"When companies with outstanding business and comfortable financial positions find their shares selling far below intrinsic value in the marketplace, no alternative action can benefit shareholders as surely as repurchases".
- Berkshire Hathaway annual letter, 1984

We expect management teams for our companies to do two things consistently well: run their business and allocate capital. The effects of the latter often take longer to become clear than the former but over the long time periods that we typically expect to remain invested, capital allocation is profoundly important.

Since we invest in good businesses when we think they are undervalued, we are almost always happy for our companies to buy back their stock, subject to maintaining an appropriate level of financial leverage. If we are right about the former, repurchases represent a transfer of value from shareholders who sell to those who remain. AON has been a long exemplar of this approach. Benefitting from very modest capital expenditure requirements, in the past 20 years it has used more than 80% of its operating cash flow to buy back its own stock, resulting in a one third lower share count today.

The NFP deal represents a temporary but significant departure from this time-tested strategy. Whilst the industrial rationale for gaining a large presence in the midmarket was sound, there were some other aspects of the deal with which we were less comfortable. Firstly, the headline valuation of ~20x Earnings Before Interest and Taxes (EBIT) looked full to us. Secondly, to retain its credit rating AON would pay almost half the consideration in newly issued shares. Given we felt AON was undervalued, we would have preferred it not use its stock as currency.

Ultimately, we weighed up all the above and used the share price weakness to steadily double our position to its target size of 4%. We strive always to retain the same guiding principles and trust our process. Nevertheless, investing is a probabilistic endeavour offering few certainties and there are no useful rules of thumb that work 100% of the time. We therefore seek to marry these enduring beliefs with a willingness to treat each situation on its own merits, evaluate the evidence and apply judgement. Discipline is crucial but dogmatism often unhelpful. In the case of AON, our reservations about the acquisition were outweighed by our strong belief in the quality of the business and industry, its discounted valuation as well as the superb job CEO Greg Case has done since his appointment in 2005.

The attraction of intermediary businesses

As a broker of insurance, reinsurance and health benefits, AON fulfils the role of intermediary facilitating the flow of services between underwriters of risk and corporates requiring cover. Intermediary businesses are well represented on our Universe List including end markets that vary from plumbing supplies to hotel rooms. Such businesses are typically asset light given they don't produce the underlying goods or services, resulting in high returns on capital and impressive cash conversion. These are the type of financial traits that we like.

However, experience has led us to be discerning when picking between intermediary businesses and there are certain characteristics that we think significantly improve the odds of good long-term outcomes. AON ticks each of these boxes.

Intermediaries generate the bulk of revenues through a combination of negotiated fees plus a take rate on the value of the product. Consequently, we think the life of an intermediary is dramatically easier when it deals in an underlying product whose price appreciates over time, preferably at least in line with general inflation. Over the long term, insurance premiums have typically grown in line with nominal GDP through a combination of higher pricing and greater volumes underwritten and AON takes a portion of that for its services.

The need for intermediaries typically arises because it is impractical and/or uneconomical for the producer of goods to effectively service a fragmented customer base. A middleman can buy in bulk from many producers and mutualize the activity of serving customers. To state the obvious, the intermediaries negotiating power will be stronger when both its suppliers and customers are highly fragmented. The largest commercial underwriter in the US has a ~6% market share and the ten largest ~37% share between them meaning AON is rarely beholden to any single insurer. AON's largest customer globally accounts for ~1% of group revenues, meaning it indeed benefits from strong negotiating leverage on both sides.

Finally, we have found that simply passing a product or service on from party A to party B without adding any additional value is not conducive to generating superior returns. It is far preferable if the intermediary can bring some additional value to the arrangement and, in this context, the more complex the underlying product, the better. Brokers such as AON benefit from the fact commercial insurance is highly complex. It is heavily regulated and especially in the large enterprise space, risks are often highly technical and company specific. Central to AON's competitive moat is the several decades of experience it has in determining the appropriate cover for its customers and then negotiating the best possible terms with insurance carriers.

Performance:

In the first quarter of 2025, the Nedgroup Investments Global Equity Fund gained +0.85% in USD, outperforming the MSCI World by +2.6%, which fell 1.79%. Whilst we are dissatisfied with our relative performance in recent years, the strategy has generated an annualised USD return of +8.4% since inception vs the MSCI World +7.3% and G7 CPI + 6% of +8.2%. A quarter is of course a very short period from which to make meaningful judgments, but we hope the beginning of 2025 illustrates the fruits of sticking to our process and going against the grain of the momentum-led market that characterised last year in particular. Whilst we retain the view that aggregate market returns over the mid-term are unlikely to match those enjoyed in the past 10-15 years, we are excited about our holdings and have an extensive list of thoroughly researched ideas that we are ready to execute upon should the market present opportunity.

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							
Safran	5.0	18.9	0.8	0.1	19.0	0.0	0.9
Vinci	3.9	21.6	0.7	0.1	21.6	0.0	0.9
Siemens Aktiengesellschaft	3.4	19.6	0.7	0.2	19.2	0.0	0.7
Aon PLC	4.0	11.3	0.4	0.1	11.3	0.0	0.5
Airbus	4.7	9.7	0.4	0.1	9.7	0.0	0.5
Bottom 5 relative stock contributors							
Diageo	4.2	-17.0	-0.8	0.1	-16.9	-0.0	-0.7
Bio-Rad Laboratories	1.8	-25.9	-0.5	0.0	-25.9	-0.0	-0.5
Salesforce	3.1	-20.5	-0.5	0.4	-19.7	-0.1	-0.5
Amazon.com	5.7	-13.3	-0.7	2.9	-13.3	-0.4	-0.3
Microsoft	5.5	-10.4	-0.7	4.1	-10.8	-0.4	-0.2

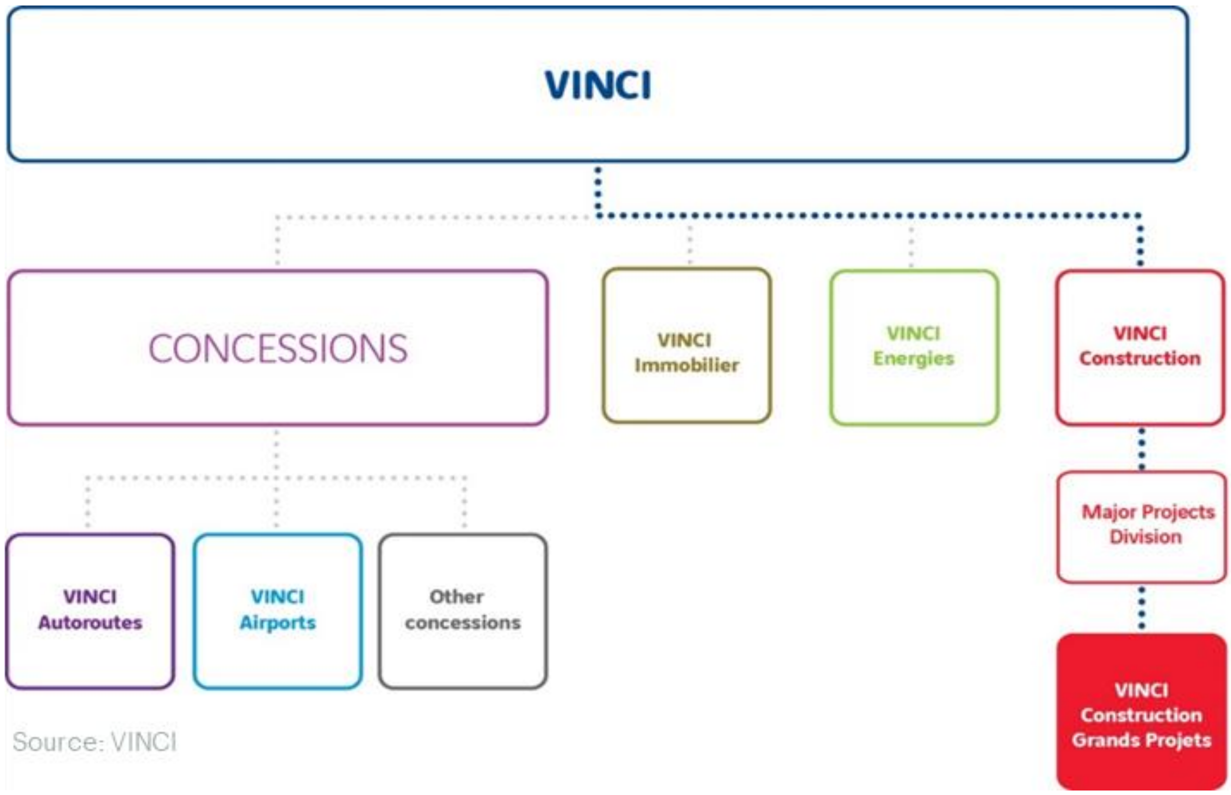
Source: Veritas Asset Management

Portfolio Attribution Commentary

Contributors

Safran delivered on an excellent year with revenues, profits and cash flows reaching record levels, driven especially by strong aftermarket activity across the three divisions, a focus on operational excellence and the return to profitability of the Aircraft Interiors division. Final 2024 revenue stood at €27.3 billion, up by 17.8% compared to 2023 and reoccurring operating income rose to €4.1 billion. The company raised its profit forecast to €4.8-4.9 billion of comparable profit for 2025. In addition, free cash flow projection was raised to E3bn from E2.9bn previously, taking into account an estimated impact from the proposed French corporate surtax. Safran operates across three divisions. The company co-produces the best-selling LEAP engine for all Boeing and most Airbus narrow-body jets through their CFM International joint venture (with GE) within the Propulsion division which rose by 15.0% supported by strong air traffic momentum, with civil aftermarket increasing by 25%. Within the aftermarket, there are services, which includes LEAP rate per flight hour (RPFH) contracts (essentially airlines paying in advance for future engine servicing based on number of kilometres flown), which rose by 38.0%, and spare parts (more flights mean more spares) which rose by 16.5%. There were 1,407 LEAP engines delivered compared to 1,570 in 2023, down 10 %, but the lower volume was more than offset by customer mix and price. The Equipment & Defence division rose 18% led by demand for landing systems, electrical and power systems as long-haul travel continued to improve, and support for defence and avionics activities. The Aircraft Interiors division, which has been historically the poorest performer, rose 25% reflecting the recovery of the widebody market and airlines acceleration in cabin retrofitting. Aftermarket activities also grew by 26% driven by both cabin and seats (mainly spare parts). Safran predicted a 15-20% rise in LEAP deliveries in 2025 and revised upwards a forecast for spare parts revenue. In 2024, Safran purchased c.€1.3 billion worth of its own shares in several tranches (6.5 million shares) and the company announced a new €5 billion share buyback for cancellation from 2025 to 2028. The main risk factor for Safran is the supply chain production capability. The 2025 outlook also excludes any potential impact of tariffs implementation. It's extremely difficult to assess the impact in what is mission critical kit. Parts for the engines criss-cross the Atlantic as they are completed or repaired, with assembly lines in France and the United States, while Safran imports other parts to Boeing from Canada and Mexico, putting it in the crosshairs of a possible regional and wider tariff war. Aircraft are designed to the capabilities of and certified with various large components involving many hours of testing. Making a change is not possible short-term, if at all. Canada remains a contender for a new carbon brakes factory, along with France, and the United States. The company stressed that the investment cycle when it comes to engines is more than a decade or two, so short term tariff considerations are secondary.

Vinci posted stronger-than-expected full-year results, driven by free cash flow and solid earnings across its concessions and contracting businesses. The most significant beat came from Vinci's free cash flow which soared E6.8bn- more than E2bn above consensus expectations. This gives the company a financial cushion ahead of expected tax increases in France during 2025.



The Vinci concessions business is dominated by Airports and Autoroutes. The airports business continued to benefit from the recovery in air traffic with annual passenger numbers now higher than their pre- Covid levels. At VINCI Autoroutes, traffic levels were stable despite protests that blocked motorways in the first half of the year, although the main event impacting this business was the introduction of France's new tax on long-distance transport infrastructure operators, which had a negative impact on earnings.

The standouts were the financial performance of the Energy business, made up of VINCI Energies and Cobra IS, which accounts for almost 40% of the Group's total business activity. Its markets are very buoyant and being driven by the energy transition, digital transformation, and the increasing need for sustainable mobility. The company's goal is to build and /or operate 5GW of renewable electricity capacity by the end of the year. These megatrends are also supporting business levels and order intake at VINCI Construction, where operating margin continued to improve in 2024 as a result of a selective approach to new business and rigorous project execution. The combined order book of the Energy and Construction businesses hit a new record at the end of the year. Thus, in a more uncertain economic and geopolitical environment, the Group has good visibility on its future business levels and has begun 2025 in a quietly confident mood. VINCI's long term strategy is to increase its international presence and thus decrease the dependence on France. Its international footprint increased further in 2024, and Vinci now generates 58% of its revenue and the majority of its net income outside France. In addition, international business accounts for 70% of its order book. VINCI carried out several major acquisitions last year to increase its international footprint. VINCI Airports purchased a controlling 50.01% stake in Edinburgh airport and a 20% stake in the Budapest airport concession and signed a 30-year extension to its concession for six airports in the Dominican Republic. VINCI Highways acquired a section of the Denver ring road, the first concession with traffic risk to be managed by the Group in the United States. VINCI Energies continued its strategy of increasing its geographical coverage and range of expertise by acquiring 34 companies, mainly outside France. In particular, the purchase of the German group Fernao gives VINCI Energies a greater presence in IT and cybersecurity services. VINCI Construction also increased its coverage of the US market through several acquisitions. At the end of the year, VINCI Construction announced an agreement to acquire FM Conway, a leading player in public works in England, with the deal closed in late January 2025. The increase in debt resulting from these acquisitions was limited by the Group's outstanding cash flow. The strength of VINCI's business model is demonstrated by businesses with different and complementary cycles – Concessions, Energy and Construction combined within a single group. VINCI's highly decentralised organisation is an important attribute that gives autonomy to its companies and makes them agile and responsive to the constant changes in their markets. Vinci maintained its guidance in 2025 for revenue and earnings growth, excluding the impact of a planned corporate tax increase in France that is expected to cost the company about €400 million.

Siemens, a leading industrial technology conglomerate specialising in electrification, automation, and digitalisation, saw its share price rise over the quarter. The company has streamlined its portfolio, divesting non-core businesses to concentrate on four key divisions: Digital Industries, Smart Infrastructure, Healthineers, and Mobility. This strategic refocus has enhanced operational efficiency and improved cash flow predictability. Profits are now well-balanced across Digital Industries, Smart Infrastructure, and Healthineers, with Mobility contributing the remaining 10%.

Siemens' historical strength in electrical engineering underpins its leadership in industrial automation, industrial software, and building products. Its competitive edge stems from economies of scale, high switching costs, and brand recognition. Of these, high switching costs are most significant—Siemens' automation equipment, industrial software, and low- and medium-voltage products are low-cost components in overall expenditures but critical to safe, reliable operations. This positioning, combined with a risk-averse customer base, deters adoption of lower-cost alternatives. Siemens' scale and brand further reinforce its market dominance. Large-scale equipment providers such as Siemens enjoy preferred access to wholesalers, who value streamlined account management and comprehensive product offerings. This interplay between brand strength, scale, and distribution creates formidable barriers to entry for new competitors in the electrical equipment sector.

Industrial Automation growth is driven by skilled labour shortages in high-cost manufacturing regions, particularly in brownfield projects. The adoption of engineering software is accelerating, driven by increasing computing capabilities and the complexity of product development. Between 2000 and 2020, discrete automation expanded at 5% per annum, process automation at 4%, and engineering software at 8-10%. Consultancy firm Cambashi forecasts 8-10% annual growth for engineering software over the next five years. Building and electrical product growth is underpinned by energy system electrification to support decarbonisation. This broad trend includes increased grid investments on the supply side, rising demand for end-point infrastructure (e.g. EV charging, heat pumps), and intelligent buildings (HVAC and building management systems). Historically a mature market growing at 2-3% annually, demand has surged over the past four years. Between FY18-24, Smart Infrastructure's organic revenue grew at a 7% annual rate, and continued investment in data centres and grid stability is expected to sustain 5% growth in the mid-term.

Furthermore, following the German elections, senior politicians proposed easing Germany's "debt brake," potentially enabling increased defence and infrastructure spending. A key proposal is a €500 billion infrastructure fund, which, if approved, could be implemented swiftly. Even if only partially enacted, Siemens stands to benefit, given its strong positions in defence and infrastructure. It is also a long-established German industrial leader, and therefore well placed to secure major contracts in these areas. Also in the quarter, Siemens India Ltd received approval for the demerger from Siemens Ltd. This move aligns with the broader restructuring strategy initiated in 2020, allowing Siemens to sharpen its focus on core business segments.

Share buybacks have averaged €1 billion per year since 2018, with a newly authorised €6 billion programme running from 2024-29. Management remains open to material M&A, particularly in high-growth software markets. Siemens' Q1 2025 results highlighted robust financial performance, particularly in net income and free cash flow. Net income rose 52% to €3.9 billion, reinforced by a €2.1 billion gain from the sale of Innomotics.

Free cash flow from continuing and discontinued operations surged to €1.6 billion. Revenue increased 3% to €18.4 billion, while return on capital employed (ROCE) improved to 29.7%.

Airbus met its 2024 revised delivery guidance, delivering 766 commercial aircraft, and is set to hand extra cash back to shareholders through a special dividend. The company reported a 6% rise in full-year revenue, driven by growth across all business units, although underlying operating profit fell 8% to €5.4 billion. Rising profits from Commercial Aircraft and Helicopters was more than offset by losses in the Defence and Space division due to charges relating to previous contracts. Free cash flow rose 9% to €4.5 billion due to higher levels of cash generation, and the net cash position improved 10% to €11.8 billion at year-end. In 2025, Airbus expects to deliver “around 820” commercial aircrafts and underlying operating profits of around €7.0 billion. The full-year dividend was increased by 11% to €2 per share, and the company announced a €1 special dividend. At its core, Airbus builds aircraft using thousands of parts from companies worldwide. Market dynamics are very favourable given it’s dominated by just two companies, with the split standing at roughly 60/40 in Airbus’ favour. Meanwhile, high barriers to entry help to keep outside competition at bay. Demand is strong as airlines try to upgrade their fleets after years of underinvestment and the desire for more energy efficient aircraft prompted by higher energy prices and climate commitments. As a result, the order backlog swelled to 8,658 aircraft at the end of 2024. That’s more than 11 times the number of planes Airbus delivered in the whole of 2024, giving the group great revenue visibility. Airbus Helicopters had an exceptional year with 450 net orders, 14.5% up on 2023 and included growing sales of both light single- and twin-engine models, as well as increased civil and military demand for the large H225 rotorcraft. During 2024, Airbus Helicopters started flight testing with its Racer technology demonstrator featuring a hybrid-electric powertrain developed by Safran. In seven flights conducted to date the rotorcraft has already logged a top speed of 227 knots. The Defence and Space segment reached a record €16.7 billion in order intake and offers some diversification and has the potential to be a great asset for the company in the current elevated threat environment. There were increased Eurofighter orders last year from partner nations Spain and Italy, and the A400M multi-role aircraft now has a backlog of 48 units. Recent performance in this division has been painful though, after a new management team conducted an in-depth review and had to book significant charges due to mispricing previous contracts. Now reset, the outlook is positive for the division. Suppliers have been an issue, with some struggling to keep up with the high demand. While that’s a problem affecting the whole industry, it does raise some concerns about Airbus’ ability to meet future guidance, weighing on short-term investor sentiment and leading to quarterly volatility. Airbus cited production issues at engine supplier CFM International and aerostructures manufacturer Spirit Aerosystems as significant drags on rates of output. Plans are afoot to partly remedy the situation, with Airbus set to acquire parts of the Spirit business that contribute to Airbus programs. Airbus accepts, however, that it essentially competes with the CFM aftermarket business, and CFM will deliver more hardware for maintenance, repair, and overhaul purposes before it is able to increase deliveries to the production lines. The result of this is that there are currently a growing number of “gliders” that cannot be delivered from Airbus’s Hamburg assembly line until their engines arrive! Airbus is targeting 75 A320 Family aircraft per month by 2027, and engine supplies will need to improve to hit this target. Airbus is committed to increasing its investment to accelerate the adoption of sustainable aviation fuel. During 2024, SAF accounted for 18% of the fuel the manufacturer used for its own flights, with three quarters of airliner deliveries made using reduced carbon blends, as it works to a target of 30% by 2030. Airbus’s financial guidance for 2025 does not factor in possible impacts, although the company argues it should not be heavily impacted because they buy, develop and manufacture significantly in the U.S. and are the top export customer for the U.S. aerospace industry so for a true transatlantic ecosystem, tariffs would be a lose-lose.

Amadeus IT ended last year with group revenue in the fourth quarter of €1.5 billion, up almost 14% year over year. It operates three main divisions, and all are performing well. Air distribution revenue increased almost 11% to €2.9 billion for the full year, revenue from air IT solutions was up almost 16% to €2.2 billion for the full year, and revenue for the smaller hospitality solutions business rose 12% to €991 million. The company announced a new share repurchase program with a €1.3 billion maximum investment amount, to be executed in the next 12 months. For 2025, Amadeus is forecasting revenue of between €6.69-€6.94 billion, an increase of 9% to 13% and an increase in earnings of 12% at the top end. The opportunity to buy the shares originated when investors were concerned Amadeus would be disrupted by newer technology as existing technology is starting to show its age. For example, Amadeus operates a Passenger Service System (PSS) which helps airlines manage various passenger-related activities, including reservations, ticketing, check-in, and boarding, as well as inventory management and departure control. Whilst it works well enough and will remain important, airlines need to become better retailers to increase their revenue. Amadeus has developed Nevio, a new generation of modular, smarter, and more open airline technology and solutions, which offers advanced retailing capabilities and can operate independently of the existing PSS system. Essentially, Nevio allows airlines to focus on the traveller experience, including customisation, leading to repeat business. Amadeus can provide airlines with 'smart bridging' to support the move across to Nevio, rather than face the disruption of moving to another system with another provider. Nevio harnesses artificial intelligence (AI) to impress travellers with hyper-contextualized, relevant offers. For example, if disruption happens to your flight, you're sent alternative flight and hotel options on your mobile with the option to adjust them if you wish. In theory, the airline will remember this disruption and maybe welcome you into the lounge next time you fly with them. With Amadeus Nevio, an airline can package an offer covering every step of a journey. It's able to propose a compelling family holiday package, knowing your searches have included extra-legroom seats, luxury beachfront hotels, preference for private transfers rather than care hire etc. The offer you receive is exactly what you're looking for and is competitively priced. You can settle it with a single click, making payment truly invisible and frictionless. During the quarter, Amadeus unveiled its partnership with Air France-KLM, which is the fourth for Amadeus Nevio after previously announced deals with British Airways, Finnair and Saudia.

Amadeus has made the acquisition of biometrics technology company Vision-Box, which brings border control and other biometric access solutions to Amadeus, widening its capabilities to offer services from traveller booking to border control and boarding. Vision-Box operates in more than 100 countries and accounts for 30% of the market of border control globally. Amadeus also acquired payments specialist Voxel which provides electronic invoice and B2B payments services to travel suppliers including hotels. It complements Amadeus' payments business, Outpayce, and widens the range of payments services it offers to travel sellers as well as increased automation of the invoice process. In the growing hotels division, the trend to customisation is also accelerating. Amadeus announced a partnership to provide a central reservation system to Accor, having already signed up IHG and Marriott International. Some large and mid-sized hotel groups are sitting on their own in-house technology, and it's phenomenally complex and expensive to develop these things, so there is a trend toward outsourcing. This includes multi-room bookings and groups as key functionality required from the system as well as attribute-based selling and the ability to personalise stays.

Detractors

Diageo reported its first half fiscal 2025 results to the end December 2024. There were positive signs despite the pretax profit of $2.77 billion representing a fall of 9.9% from $3.08 billion, a year earlier. Sales were largely flat at $15.2 billion, but net sales rose on an organic basis. Organic sales grew by 1.0%, driven by positive price/mix of 1.2 percentage points offset by a 0.2-point fall in volume. It reported growth in four of its five regions supported by market share gains, most notably in its largest market, North America. The firm's recent performance in the US has been driven by Crown Royal and Don Julio. One of these is made in Canada and the other is made in Mexico, so potential impact from tariffs weighed on sentiment. While sales of spirits declined by 3%, beer revenues grew by 13%, led by Guinness. Sales of the non-alcoholic version Guinness 0.0 nearly doubled. Net cash from operating activities was $2.33 billion up from $2.15 billion a year prior. Free cash flow grew to $1.70 billion from $1.57 billion. Diageo also maintained its interim dividend at 40.50 cents per share. However, Diageo removed medium-term guidance due to the current macroeconomic and geopolitical uncertainty in many of its key markets impacting the pace of recovery. Instead, it plans to provide more regular near-term guidance, which could mean short term volatility. Diageo had previously guided to medium-term organic sales growth of 5% to 7%. The company claimed that before the impact of tariffs, it would have expected to "build on the momentum seen in the first half". The company expected a slight decline in organic operating profit in the second half of financial 2025 compared with the prior year, reflecting higher staff costs, and continued strategic investments including in digital and US route-to-market, but tariffs may inflate these costs. Diageo claim that the tariffs could lead to a $200m reduction in operating profit over the last four months of its financial year, with 85% related to tequila, which has to be made in Mexico. Diageo are not paying tariffs on tequila or Canadian Whisky as we stand today because these products are covered under USMCA. Shares have been impacted before the announcement on concerns about potential tariffs. These tariffs are all about reshoring strategic manufacture, and targeting beggar thy neighbour trade policies from the likes of China… countries that run large trade surpluses, not just against the US, but on an aggregate basis: China; Japan; Germany; Taiwan etc. The reason President Trump has gone after Mexico and Canada (both have current account deficits in aggregate so arguably not at fault), is because he is annoyed that prior tariffs on China have led their companies to relocate production in these markets. He wants to stop this, but it is also why he has temporarily removed tariffs on USMCA compliant imports as there is not really a problem there. Diageo are offering to ensure that all the product that goes into a bottle of scotch or vodka is sourced from true trade partners and not from trade surplus countries. They have tried to ensure this does not change by writing to the US trade representative (USTR) to argue that new rules of origin would disincentivise the use of non-originating content and support the Trump Administration's policy objectives. Many of Diageo's products must be produced in certain parts of the world, such as Bourbon (US), Tequila (Mexico), Canadian whisky, Scotch whisky, and Irish liqueur. The company spends nearly US$650 million annually sourcing US inputs including, US$100 million on American white oak wooden barrels (most of which are then exported to the UK for use in maturing scotch whisky), US$ 75 million on agricultural commodities, US$150 million in glass, US$35 million in cans, US$40 million in PET (polyethylene terephthalate), US$60 million in paper products, US$40 million in flavours, and US$150 million in bulk liquids. It supports more than 178,000 jobs in America, of which 11,500 are either direct employees working in production and sales, or in distribution roles. It has 11 manufacturing sites in the US, which risk being affected by reciprocal penalties in the EU, Canada, and Mexico. In addition, it is planning a US$415 million plant in Alabama. It generates $1.5 billion (£1.2 billion) in alcohol excise duties for the federal government. Diageo's proposed rules of origin would mean that plants or grains used in the production of imported alcohol would be required to come from the US, or the territory of a 'strategic trade partner' – meaning any country that has a trade agreement with the US, such as Mexico and Canada. Diageo also suggests that the rules ensure the distillation also occurs in the US or the territory of the same partner, with any barrels used in ageing also sourced from one of those places. The move, the company claims, "would deepen US supply chains, disincentivise the use of non-originating content, and support the Trump Administration's policy objectives of growing US jobs, the US economy and resilient supply chains". However, spirits seem to get singled out for retaliation because they are symbolic, so we will see what Europe does with regards to US bourbon and how things escalate. The fear is a heavy retaliation on US whiskey and a threatened 200% tariff on European whiskeys would hit Diageo.

Bio-Rad successfully met its revised 2024 guidance for both revenue and operating margin as presented in August 2024, but the slower than expected recovery in some of its end market and developments in China has weighed on sentiment. Bio-Rad has two main divisions. Its Clinical Diagnostic business performed slightly better than forecasted, while the Life Science segment was affected by continued softness in the biopharma market. Looking across its markets, the diagnostic performance in the Asia Pacific region saw a decline due to the earlier than expected adoption of a reimbursement change for diabetes testing in China during the last quarter. This adjustment standardises rates for certain clinical diagnostic tests nationwide. Whilst there are no anticipated further reimbursement changes for diagnostics in 2025, China represents a high single-digit percentage of Bio-Rad total revenue, so it is significant. In Life Science, demand from biopharma in China also remains soft. There was a seasonal uptick from academic customers and biopharma research accounts, and process chromatography sales improved in the second half of 2024, and expected to continue to grow in 2025, as increased activity in new programs using its equipment, bodes well for the future subscription of consumables. When Bio-Rad sells equipment, it achieves visibility in future subscription revenue as customers use its reagents and consumables. This was seen within its droplet digital PCR portfolio, where there was continued strong demand for reagents and consumables, with low double-digit growth year over year. Interest in assays for oncology and cell and gene therapy applications remains high and should continue to grow with the development of drugs for unmet medical needs. The biopharma sector generally has been slow to recover and been impacted by high funding rates. While demand for instruments remains soft, there is an increasing pipeline funnel. However, this gradual pace of recovery is likely to impact the uptake of life science instrumentation in the short term. In addition, within the academic segment, research funding globally has been soft throughout 2024 and not expected to change materially in 2025. An uncertainty is the impact, if any, of the announcement on the cap for US NIH indirect funding. Trump's Administration announced it was reducing by at least half the so-called indirect cost payments the National Institutes of Health (NIH) makes to universities, hospitals, and research institutes to help cover facilities and administrative costs. A 15% indirect cost rate will now apply to all new and existing grants. Typically, about 30% of an average NIH grant to an institution is earmarked for indirect costs but some universities get much higher rates. In 2023, NIH, the world's largest funder of biomedical research, spent nearly $9 billion on indirect costs; the change would likely leave research institutions needing to find billions of dollars from other sources to support laboratories, students, and staff. In Europe, funding remains mixed with modest increases in Germany and the UK, while France continues to be soft. In Asia, there are some early signs of improvement in research funding in China due to its stimulus programs. Beyond the acquisition of Stilla, Bio-Rad continues to invest in its portfolio, including an updated chromatography platform, the ChemiDoc Pro imaging system, and a new version of its QX600 digital PCR system for the diagnostic market. Bio-Rad is continuing to proactively manage its cost structure, including the recent implementation of a 5% workforce reduction to further align headcount with reduced global footprint. Revenue growth guidance for the full year is between 1.5% and 3.5%, which excludes any revenue from acquisitions. Q1 is expected to be approximately 5.75% to 7% lower on a year-over-year basis and then sequentially improving each quarter. This outlook contemplates a soft US government and academic environment. The US academic and government segment represents a high single-digit percent of Bio-Rad revenue. Bio-Rad continues to undertake M&A to accelerate future growth. It entered a binding offer to acquire Stilla Technologies, to complement its digital PCR portfolio.

Salesforce reported Q4 fiscal 2025 revenue of $9.99 billion, which came in below consensus estimates of $10.04 billion. Whilst EPS exceeded expectations at $2.78, the slower-than-expected adoption of its AI-powered Agentforce platform weighed on results. Adoption of its new platform has been rapid with a strong pipeline of customers, but it is not a 2025 earnings story. Salesforce also announced that Robin Washington would assume the combined role of President and Chief Operating and Financial Officer. Investors expressed concerns over consolidating two critical roles, which traditionally have been separate. Salesforce is a 3–5-year AI investment. They are well positioned to monetise their platform. They recently announced Agentforce 2dx, a major update to its digital labour platform that enables autonomous AI agents to work proactively behind the scenes across enterprise systems without constant human supervision. The announcement marks a substantial evolution from the company's previous approach, where agents primarily operated within chat interfaces and required explicit user prompts. The new system aims to embed AI agents that can anticipate needs, monitor data changes, and take action autonomously across any business process. The most transformative aspect is the shift from purely reactive AI interactions to proactive agents that can operate autonomously in the background. This change allows companies to deploy AI labour that doesn't just wait for user commands but actively monitors systems and initiates processes when needed. The announcement comes at a critical moment in the evolution of AI agents, as enterprises move beyond experimentation toward deploying autonomous systems that can handle increasingly complex workflows without human intervention. Salesforce is particularly focused on creating what it calls a 'multi-agent framework' where personal AI assistants will interact with enterprise agents to complete tasks. For example, if you want to rent a car for a certain trip, you ask a personal agent to find the best options. The personal agent knows your calendar and preferences, then reaches out to the car company's agent to negotiate the time, schedule, price, options and insurance. This vision suggests a future where AI agents increasingly talk to each other, with humans providing final approval rather than managing every step of business processes. Salesforce is also targeting specialised industries, particularly healthcare, with Agentforce for Health, which aims to reduce the administrative burden on healthcare providers. specific applications like automating benefits verification, summarizing patient records for care coordinators, and simplifying appointment booking.

3. Current Positioning

Top 10 Portfolio Holdings

Holding	Sector	Country	Portfolio %
Microsoft	Information Technology	United States	5.8
Unilever PLC	Consumer Staples	United Kingdom	5.5
Amazon.com	Consumer Discretionary	United States	5.2
Safran	Industrials	France	5.2
Airbus	Industrials	France	5.0
Vinci	Industrials	France	4.5
UnitedHealth	Health Care	United States	4.3
Alphabet	Communication Services	United States	4.0
Diageo	Consumer Staples	United Kingdom	4.0
Aon PLC	Financials	United States	4.0
Total			47.6

Source: Veritas Asset Management, as at 31 March 2025

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.

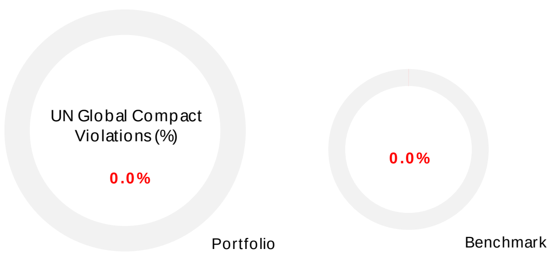
Fail ➜ The company is implicated in one or more controversy cases where there are credible allegations that the company or its management inflicted serious large-scale harm in violation of global norms.

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 to the right, during the three months to 31 March 25, 0.0% of companies held in the Fund "Failed" the UN Global Compact screen. Three companies in the Fund (14.8%) were listed on the Global Compact "Watchlist". For example, Amazon.com, is listed on the watchlist for a potential breach of **Principle 3 – Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining**, specifically concerning criticisms by NGOs over the 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 (%)



Activity	Portfolio	Benchmark	Active
Global Compact Compliance Violation (%)	0.0%	0.0%	0.0%
Global Compact Compliance Violation or Watch List (%)	14.8%	18.3%	-3.4%

Additional Global Norms Framework Violations (%) [1]

Human Rights Norms Violation (%)	0.0%	0.0%	0.0%
Human Rights Norms Violation or Watch List (%)	13.6%	17.6%	-4.0%
Labor Norms (%)	0.0%	0.0%	0.0%
Labor Norms Violation or Watch List (%)	10.3%	12.1%	-1.8%

Source: MSCI ESG Research LLC

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.

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 56 votable resolutions across the companies: Becton, Dickinson and Company, Charter Communications, Inc. and Siemens AG.

Voting statistics	
Meetings voted	3
Votes Cast	56
Votes "FOR" Management	56
Votes "AGAINST" Management	0

Votes by country	%	
Germany	714	
United States	28.6	

Votes by Industry sector [1]	%	
Industrial Conglomerates	714	
Health Care Equipment & Supplies	23.2	
Media	5.4	

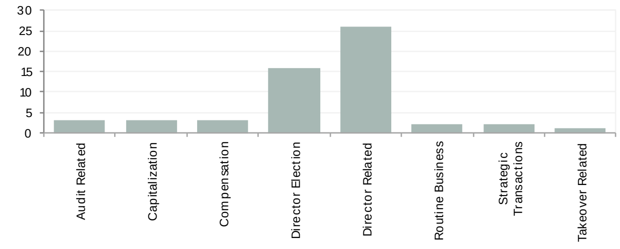
[1] Votes by Industry Sector uses the Global Industry Classification Standard ("GICs") coding level 3 "Industry" classification.
Source: Veritas Asset Management/ISS

Proxy Voting: Proposal Categorisation

Vote categorisation [1]

Category	Votes "FOR" Management	Votes "AGAINST" Management	Total
Audit Related	3	–	3
Capitalization	3	–	3
Compensation	3	–	3
Director Election	16	–	16
Director Related	26	–	26
Routine Business	2	–	2
Strategic Transactions	2	–	2
Takeover Related	1	–	1
Total	56	–	56

Votes "FOR" Management Categorisation



Votes "AGAINST" Management Categorisation

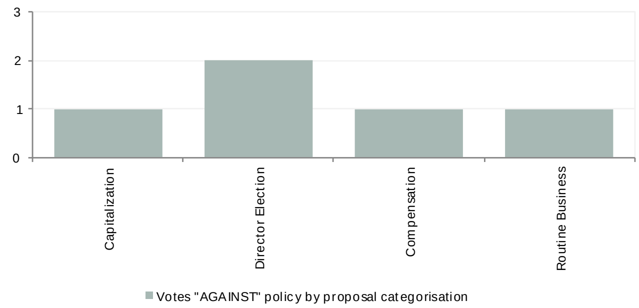
Proxy Voting – ESG Red Lines

The second part of the voting report focuses on the custom Red Line element of our policy.

Across the 56 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	–	51
Number of votes "AGAINST" Policy	4	5
Total	4	56



[1] Number of Red Lines triggered and votes "FOR" or "AGAINST".
Source: Veritas Asset Management/ISS

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	Becton, Dickinson and Company	United States	Health Care	Advisory Vote to Ratify Named Executive Officers' Compensation	“AGAINST”	“FOR”	Veritas voted contrary to the guidance provided by Red Line G20 Performance-based awards account for less than 50% of the total LTI awards and Red Line G23 The CEO's remuneration package does not include criteria for awards to be linked to relevant sustainability targets including those in relation to climate change. Red Line G20 - Performance based awards accounted for 47% of the CEO’s LTI awards in 2024 but we are satisfied that a meaningful proportion of LTI awards are performance based. The company’s LTI awards are structured so that at target performance 50% of LTI awards are comprised of performance share units with the performance share award based on an equal weighted split of average revenue growth and average ROIC over 3 years with a relative TSR modifier. Red Line G23 – The CEO’s remuneration package does not include criteria for awards to be linked to the relevant sustainability targets including those in relation to climate change. While Becton Dickinson doesn't incorporate ESG objectives into the CEOs remuneration plan the company have been making progress on their sustainability objectives including surpassing their scope 1 & 2 GHG emission targets and gaining SBTi approval for their emission targets in April 2024. The G23 update is a recent enhancement to VAM LLP’s ESG policy introduced in 2024. Considering that the integration of ESG factors into executive compensation is still at an early stage, we believe that the company's progress on sustainability initiatives, coupled with a cautious approach, warrant support for voting with management.

Source: Veritas Asset Management/ISS

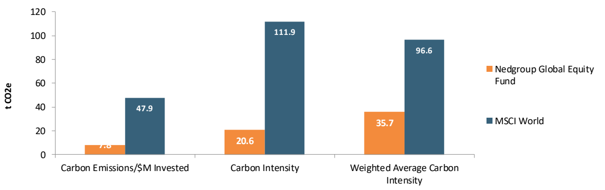
Carbon Portfolio Analysis: Overview

	Carbon Footprint				
	Carbon Emissions	Total Carbon Emissions*	Carbon Intensity	Weighted Average Carbon Intensity	Carbon Emissions Data Availability
Nedgroup Global Equity Fund	**7.8**	12,700	20.6	35.7	100.0%
MSCI World	47.9	3,260,393,216	111.9	96.6	99.9%
	t CO2e / $M Invested	t CO2e	t CO2e / $M Sales		Market Value

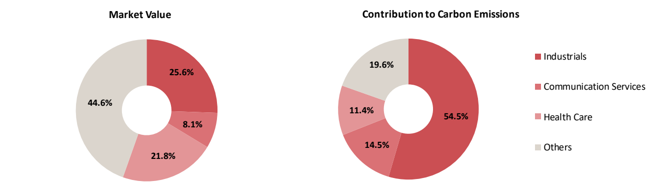
This report analyzes a portfolio of securities in terms of the carbon emissions, fossil fuel reserves, and other carbon carbon-related characteristics of the entities that issue those securities. It compares this data to the performance of a portfolio replicating a market benchmark. The data below represents a high-level subset of the information found in the following pages.

MSCI ESG Research defines portfolio carbon footprint as the carbon emissions of a portfolio per $million invested. Additional headline metrics provided in the table to the left include an absolute figure for portfolio carbon emissions and two intensity measures: portfolio carbon intensity measures the carbon efficiency of a portfolio and is defined as the total carbon emissions of the portfolio per $million of portfolio sales; while weighted average carbon intensity is a measure of a portfolio’s exposure to carbon related potential market and regulatory risks and is computed as the sum product of the portfolio companies’ carbon intensities and weights. More information on these metrics is included in the appendix.

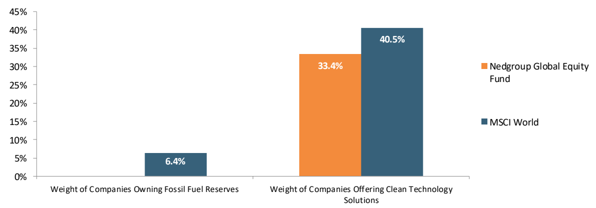
*Based on Portfolio investment of $1,631,725,066 and Benchmark 1 investment of $68,092,209,996,863



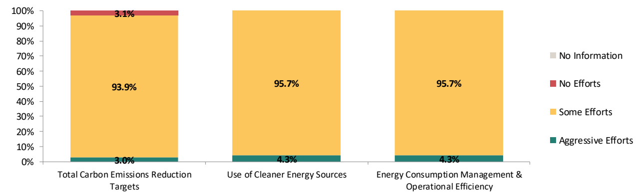
The Nedgroup Global Equity Fund portfolio Carbon Emissions are 83.7% lower than the MSCI World, Carbon Intensity is 81.6% lower, and Weighted Average Carbon Intensity is 63% lower. (Pages 3, 5 and 6)



The Industrials, Communication Services, and Health Care sectors in the Nedgroup Global Equity Fund portfolio contribute 55.4% of the weight versus 80.4% of the carbon emissions. (Page 3)



The Nedgroup Global Equity Fund portfolio is 6.4% underweight, relative to the MSCI World, in companies that own Fossil Fuel Reserves, and 7.2% underweight in companies offering Clean Technologies Solutions. (Pages 8 and 13)



4.3% of the weight of the Nedgroup Global Equity Fund portfolio has Aggressive Efforts in Use of Cleaner Energy Sources, but 3.1% has No Efforts in Carbon Reduction Targets. (Page 12)

Source: MSCI, Veritas Asset Management LLP

Carbon Footprint: Carbon Emissions

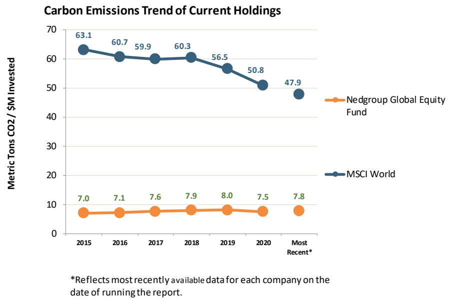
The timeline compares the historical and most recent emissions of the portfolio to the benchmarks based on the current constituents and weights of each.

The column chart in the lower right shows the composition by sector of the portfolio and benchmarks by market capitalization as well as by each sector's contribution to emissions. This highlights that dominant sectors, in terms of emissions, tend to be Energy, Utilities, and Materials.

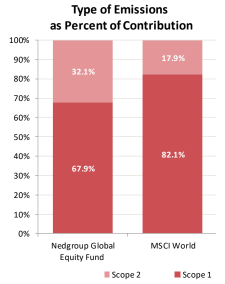
The sector table shows the comparison of the portfolio sector emissions to those of each benchmark.

The attribution analysis presented on the next page evaluates how stock selection and sector weighting drive the portfolio carbon footprint versus the benchmarks.

The company tables on the following page show emissions in two ways: 1) total emissions of the companies whose securities are in the portfolio, which provides an order of magnitude in an absolute sense, and 2) contribution of companies to the portfolio-level emissions. The tables also indicate whether the emissions data is reported or estimated, and how each company performs on Carbon Risk Management relative to peers.



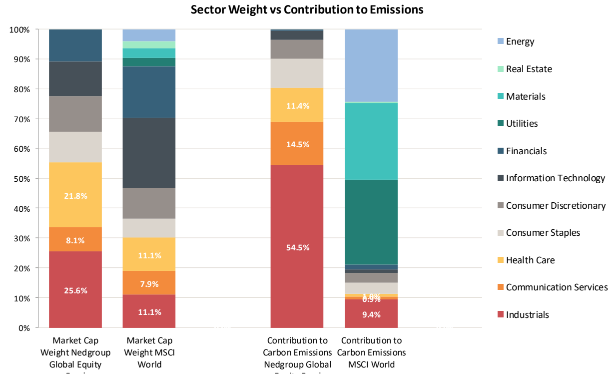
*Reflects most recently available data for each company on the date of running the report.



Carbon Emissions by Sector	Nedgroup Global Equity Fund	MSCI World
	t CO2e/$M Invested	
Industrials	16.6	40.6
Communication Services	13.9	5.7
Consumer Staples	7.4	27.6
Consumer Discretionary	4.2	14.9
Health Care	4.1	4.2
Information Technology	1.9	2.7
Financials	0.5	4.4
Real Estate	N/A	11.3
Utilities	N/A	505.6
Materials	N/A	363.7
Energy	N/A	283.0
Overall	7.8	47.9

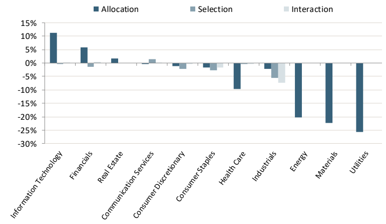
Key 505.6 47.9 0

Nedgroup Global Equity Fund vs MSCI World
Comparison of t CO2e/$M Invested
-59.1%
145.1%
-73.3%
-71.8%
-3.2%
-28.5%
-89.4%
N/A
N/A
N/A
N/A
-83.7%



Carbon Footprint: Carbon Emissions - Attribution Analysis and Key Holdings

Nedgroup Global Equity Fund vs MSCI World	Portfolio Weight	Active Weight*	Portfolio Carbon Emissions	Benchmark Carbon Emissions	Absolute Attribution: Sector Allocation	Absolute Attribution: Stock Selection	Absolute Attribution: Interaction	Total	Percentage Attribution: Sector Allocation	Percentage Attribution: Stock Selection	Percentage Attribution: Interaction	Total
Information Technology	11.7%	-11.8%	1.9	2.7	5.3	-0.2	0.1	5.3	11.2%	-0.4%	0.2%	11.0%
Financials	10.7%	-6.5%	0.5	4.4	2.8	-0.7	0.3	2.4	5.9%	-1.4%	0.5%	5.1%
Real Estate	0.0%	-2.2%	N/A	11.3	0.8	0.0	0.0	0.8	1.7%	0.0%	0.0%	1.7%
Communication Services	8.1%	0.2%	13.9	5.7	-0.1	0.7	0.0	0.6	-0.2%	1.4%	0.0%	1.2%
Consumer Discretionary	11.8%	1.6%	4.2	14.9	-0.5	-1.1	-0.2	-1.8	-1.1%	-2.3%	-0.4%	-3.7%
Consumer Staples	10.3%	3.8%	7.4	27.6	-0.8	-1.3	-0.8	-2.9	-1.6%	-2.7%	-1.6%	-6.0%
Health Care	21.8%	10.7%	4.1	4.2	-4.7	0.0	0.0	-4.7	-9.7%	0.0%	0.0%	-9.8%
Industrials	25.6%	14.5%	16.6	40.6	-1.1	-2.7	-3.5	-7.2	-2.2%	-5.5%	-7.3%	-15.0%
Energy	0.0%	-4.1%	N/A	283.0	-9.7	0.0	0.0	-9.7	-20.3%	0.0%	0.0%	-20.3%
Materials	0.0%	-3.4%	N/A	363.7	-10.6	0.0	0.0	-10.6	-22.2%	0.0%	0.0%	-22.2%
Utilities	0.0%	-2.7%	N/A	505.6	-12.3	0.0	0.0	-12.3	-25.7%	0.0%	0.0%	-25.7%
Total	100%		7.8	47.9	-30.8	-5.3	-4.1	-40.1	-64.2%	-11.0%	-8.5%	-83.7%



Portfolio Issuers with Highest Carbon Emissions

	Company	Sector	Country	Portfolio Weight	Active Weight*	Carbon Emissions (t CO2e)	Contribution to Portfolio Emissions	Carbon Emissions Source	Carbon Risk Management
1	AMAZON.COM, INC.	Consumer Disc	United States of America	5.63%	2.99%	17,060,000	5.95%	Reported	Modest
2	MICROSOFT CORPORATION	Info Tech	United States of America	6.32%	2.42%	8,222,363	2.35%	Reported	Low
3	ALPHABET INC.	Comm Svcs	United States of America	4.33%	1.87%	3,502,800	1.01%	Reported	Modest
4	CANADIAN PACIFIC KANSAS CITY LTD	Industrials	Canada	4.23%	4.13%	3,050,198	24.46%	Reported	Modest
5	VINCI SA	Industrials	France	4.87%	4.78%	2,440,968	20.42%	Reported	Modest
6	CHARTER COMMUNICATIONS, INC.	Comm Svcs	United States of America	3.76%	3.71%	1,500,947	13.46%	Reported	Modest
7	AIRBUS SE	Industrials	Netherlands	5.39%	5.24%	765,000	3.79%	Reported	Modest
8	THERMO FISHER SCIENTIFIC INCORPORATED	Health Care	United States of America	3.75%	3.47%	759,367	1.96%	Reported	Low
9	UNILEVER PLC	Consumer Staples	United Kingdom	5.94%	5.73%	730,000	3.69%	Reported	**Robust**
10	DIAGEO PLC	Consumer Staples	United Kingdom	4.33%	4.25%	640,000	6.03%	Reported	Modest
	Top 10 Companies			48.56%			83.11%		

Largest Contributors to Portfolio Emissions

	Company	Sector	Country	Portfolio Weight	Active Weight*	Carbon Emissions	Contribution to Portfolio Emissions	Carbon Emissions Source	Carbon Risk Management
1	CANADIAN PACIFIC KANSAS CITY LTD	Industrials	Canada	4.23%	4.13%	3,050,198	24.46%	Reported	Modest
2	VINCI SA	Industrials	France	4.87%	4.78%	2,440,968	20.42%	Reported	Modest
3	CHARTER COMMUNICATIONS, INC.	Comm Svcs	United States of America	3.76%	3.71%	1,500,947	13.46%	Reported	Modest
4	DIAGEO PLC	Consumer Staples	United Kingdom	4.33%	4.25%	640,000	6.03%	Reported	Modest
5	AMAZON.COM, INC.	Consumer Disc	United States of America	5.63%	2.99%	17,060,000	5.95%	Reported	Modest
6	AIRBUS SE	Industrials	Netherlands	5.39%	5.24%	765,000	3.79%	Reported	Modest
7	UNILEVER PLC	Consumer Staples	United Kingdom	5.94%	5.73%	730,000	3.69%	Reported	**Robust**
8	BECTON, DICKINSON AND COMPANY	Health Care	United States of America	3.25%	3.16%	416,373	2.68%	Reported	Modest
9	SAFRAN SA	Industrials	France	5.62%	5.49%	437,053	2.62%	Reported	Modest
10	SONIC HEALTHCARE LIMITED	Health Care	Australia	1.40%	1.39%	109,136	2.50%	Reported	Low
	Top 10 Contributors			44.44%			85.59%		

*Security weight in Nedgroup Global Equity Fund relative to security weight in MSCI World

Source: MSCI, Veritas Asset Management LLP

Carbon Efficiency: Carbon Intensity

Carbon Intensity allows comparison of emissions across companies of different sizes and in different industries. At a company level, MSCI ESG Research calculates Carbon Intensity as carbon emissions per dollar of sales. The portfolio-level Weighted Average Carbon Intensity is the sum product of the constituent weights and intensities.

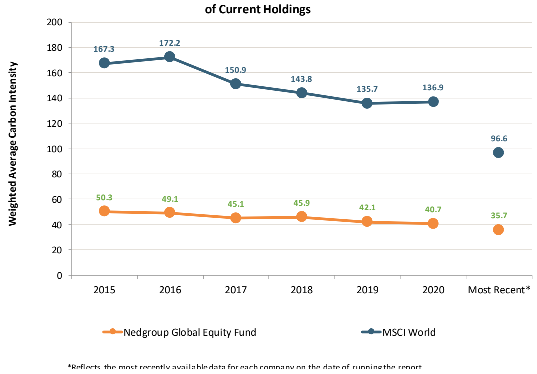
The timeline below compares the historical and most recent Weighted Average Carbon Intensity of the portfolio to the benchmarks based on the current constituents and weights of each. The table to the right shows sector weights and Weighted Average Carbon Intensity. And the column chart shows the composition by sector of the portfolio and benchmarks by market capitalization as well as by each sector's contribution to the Weighted Average Carbon Intensity.

The company tables on the following page show Carbon Intensity in two ways: 1) portfolio issuers with the highest Carbon Intensity, and 2) contribution of companies to the portfolio-level Weighted Average Carbon Intensity. The tables also indicate whether the emissions data is reported or estimated, and how each company performs on Carbon Risk Management relative to peers.

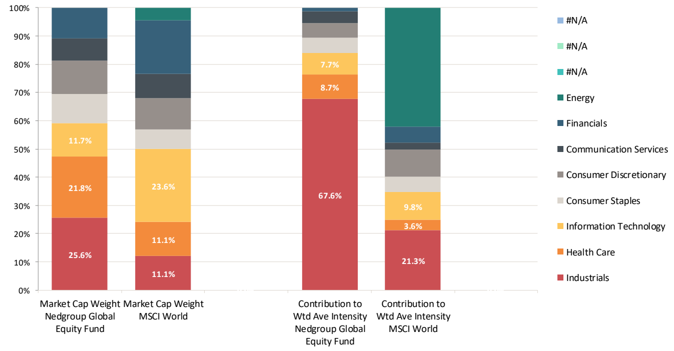
Weighted Average Carbon Intensity by Sector	Nedgroup Global Equity Fund	MSCI World	Nedgroup Global Equity Fund vs MSCI World
	t CO2e / $M Sales		Comparison of t CO2e/$M Sales
Industrials	94.6	76.8	23.1%
Information Technology	23.5	16.6	41.3%
Communication Services	18.9	11.9	58.6%
Consumer Staples	18.8	34.2	-45.0%
Consumer Discretionary	15.6	37.8	-58.7%
Health Care	14.2	13.1	8.9%
Financials	3.8	12.9	-70.5%
Utilities	N/A	1,316.8	N/A
Materials	N/A	577.3	N/A
Real Estate	N/A	79.3	N/A
Energy	N/A	409.3	N/A
Overall	35.7	96.6	-63.0%

Key 1,316.8 96.6 0

Weighted Average Carbon Intensity Trend of Current Holdings



Sector Weight vs Contribution to Weighted Average Carbon Intensity



Carbon Risk: Weighted Average Carbon Intensity

Carbon Intensity measures the carbon efficiency of a company as total carbon emissions normalized by total sales. At a portfolio level, carbon intensity is the ratio of portfolio carbon emissions normalized by the investor's claims on sales. This method expresses portfolio carbon efficiency and allows investors to know how many emissions per dollar of sales are generated from their investment.

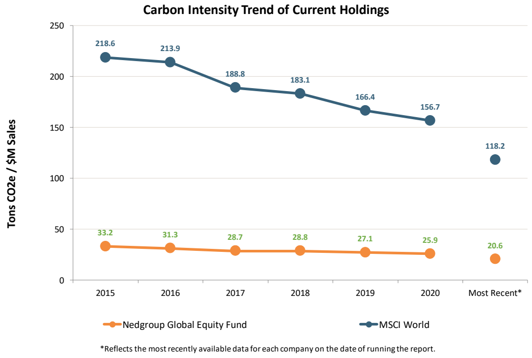
The timeline below compares the historical and most recent Carbon Intensity of the portfolio to the benchmarks based on the current constituents and weights of each. The table and chart to the right show sector weights and Carbon Intensity levels.

The attribution analysis presented on the next page evaluates how stock selection and sector weighting drive the portfolio carbon footprint versus the benchmarks.

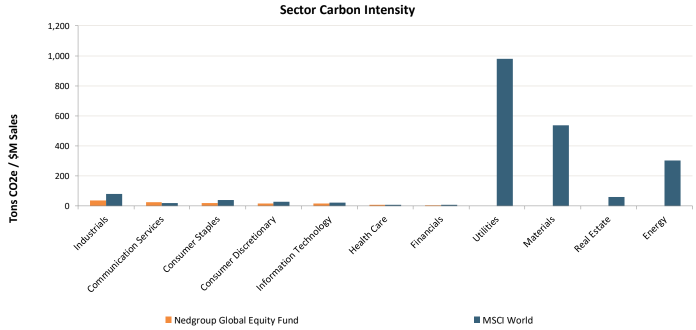
Carbon Intensity by Sector	Nedgroup Global Equity Fund		MSCI World		Nedgroup Global Equity Fund vs MSCI World
	Weight	t CO2e/$M Sales	Weight	t CO2e/$M Sales	Comparison of t CO2e/$M Sales
Industrials	23.8%	36.6	10.6%	79.8	-54.1%
Communication Services	10.0%	24.6	8.1%	19.9	23.5%
Consumer Staples	9.7%	19.2	6.1%	39.8	-51.8%
Consumer Discretionary	13.2%	17.1	11.2%	27.6	-38.2%
Information Technology	11.1%	15.7	26.2%	21.1	-25.6%
Health Care	21.2%	7.4	10.4%	8.7	-14.0%
Financials	11.0%	4.0	16.0%	9.4	-57.8%
Utilities	0.0%	N/A	2.5%	979.5	N/A
Materials	0.0%	N/A	3.2%	537.2	N/A
Real Estate	0.0%	N/A	2.1%	60.7	N/A
Energy	0.0%	N/A	3.7%	303.3	N/A
Overall	100%	20.6	100%	118.2	-82.6%

Key 979.5 118.2 0

Carbon Intensity Trend of Current Holdings



Sector Carbon Intensity

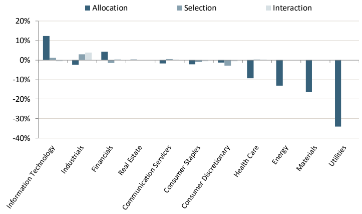


Source: MSCI, Veritas Asset Management LLP

NEDGROUP INVESTMENTS

Carbon Risk: Attribution Analysis and Key Holdings

Nedgroup Global Equity Fund vs MSCI World	Portfolio Weight	Active Weight*	Portfolio Wtd Ave Intensity	Benchmark Wtd Ave Intensity	Absolute Attribution: Sector Allocation	Absolute Attribution: Stock Selection	Absolute Attribution: Interaction	Absolute Attribution: Total	Percentage Attribution: Sector Allocation	Percentage Attribution: Stock Selection	Percentage Attribution: Interaction	Percentage Attribution: Total
Information Technology	11.1%	-15.1%	20.0	16.0	11.4	1.0	-0.6	11.8	12.5%	1.1%	-0.6%	12.9%
Industrials	23.8%	13.2%	101.7	75.4	-2.1	2.8	3.5	4.1	-2.3%	3.1%	3.8%	4.5%
Financials	11.0%	-5.0%	3.8	12.0	4.0	-1.3	0.4	3.1	4.3%	-1.4%	0.4%	3.4%
Real Estate	0.0%	-2.1%	N/A	85.3	0.1	0.0	0.0	0.1	0.1%	0.0%	0.0%	0.1%
Communication Services	10.0%	1.9%	17.0	11.4	-1.5	0.5	0.1	-1.0	-1.7%	0.5%	0.1%	-1.0%
Consumer Staples	9.7%	3.7%	21.1	35.9	-2.0	-0.9	-0.5	-3.5	-2.2%	-1.0%	-0.6%	-3.8%
Consumer Discretionary	13.2%	2.0%	16.1	38.3	-1.1	-2.5	-0.5	-4.0	-1.2%	-2.7%	-0.5%	-4.4%
Health Care	21.2%	10.9%	15.1	13.3	-8.5	0.2	0.2	-8.1	-9.3%	0.2%	0.2%	-8.9%
Energy	0.0%	-3.7%	N/A	410.4	-11.9	0.0	0.0	-11.9	-13.0%	0.0%	0.0%	-13.0%
Materials	0.0%	-3.2%	N/A	560.0	-15.0	0.0	0.0	-15.0	-16.4%	0.0%	0.0%	-16.4%
Utilities	0.0%	-2.5%	N/A	1,352.3	-31.2	0.0	0.0	-31.2	-34.1%	0.0%	0.0%	-34.1%
Total	100%		35.9	91.5	-58.0	-0.2	2.6	-55.6	-63.3%	-0.2%	2.8%	-60.7%



Portfolio Issuers with Highest Carbon Intensity

	Company	Sector	Country	Portfolio Weight	Active Weight*	**Carbon Intensity**	Contribution to Wtd Ave Carbon Intensity	Total Carbon Emissions Source	Carbon Risk Management
1	CANADIAN PACIFIC KANSAS CITY LTD	Industrials	Canada	4.36%	4.26%	469	56.87%	Reported	Modest
2	AENA SME, S.A.	Industrials	Spain	2.11%	2.09%	44	2.60%	Derived from Reported Data	Modest
3	MICROSOFT CORPORATION	Info Tech	United States of America	4.63%	0.37%	39	5.00%	Reported	Low
4	ZOETIS INC.	Health Care	United States of America	2.28%	2.17%	34	2.15%	Reported	Modest
5	VINCI SA	Industrials	France	4.00%	3.93%	32	3.53%	Reported	Modest
6	AMAZON.COM, INC.	Consumer Disc	United States of America	6.49%	3.53%	30	5.36%	Reported	Modest
7	DIAGEO PLC	Consumer Staples	United Kingdom	5.29%	5.19%	29	4.33%	Reported	Modest
8	CHARTER COMMUNICATIONS, INC.	Comm Svcs	United States of America	3.49%	3.45%	27	2.67%	Reported	Modest
9	THE COOPER COMPANIES, INC.	Health Care	United States of America	1.94%	1.92%	24	1.31%	Reported	Low
10	BECTON, DICKINSON AND COMPANY	Health Care	United States of America	3.22%	3.13%	21	1.93%	Reported	Modest
	Top 10 Companies			37.82%			85.75%		

Largest Contributors to the Portfolio's Weighted Average Carbon Intensity

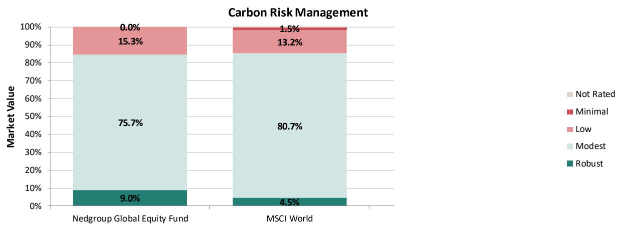
	Company	Sector	Country	Portfolio Weight	Active Weight*	Carbon Intensity	**Contribution to Wtd Ave Carbon Intensity**	Total Carbon Emissions Source	Carbon Risk Management
1	CANADIAN PACIFIC KANSAS CITY LTD	Industrials	Canada	4.36%	4.26%	469	56.87%	Reported	Modest
2	AMAZON.COM, INC.	Consumer Disc	United States of America	6.49%	3.53%	30	5.36%	Reported	Modest
3	MICROSOFT CORPORATION	Info Tech	United States of America	4.63%	0.37%	39	5.00%	Reported	Low
4	DIAGEO PLC	Consumer Staples	United Kingdom	5.29%	5.19%	29	4.33%	Reported	Modest
5	VINCI SA	Industrials	France	4.00%	3.93%	32	3.53%	Reported	Modest
6	CHARTER COMMUNICATIONS, INC.	Comm Svcs	United States of America	3.49%	3.45%	27	2.67%	Reported	Modest
7	AENA SME, S.A.	Industrials	Spain	2.11%	2.09%	44	2.60%	Derived from Reported Data	Modest
8	SAFRAN SA	Industrials	France	4.92%	4.80%	17	2.29%	Reported	Modest
9	ZOETIS INC.	Health Care	United States of America	2.28%	2.17%	34	2.15%	Reported	Modest
10	ALPHABET INC.	Comm Svcs	United States of America	6.52%	3.56%	11	2.07%	Reported	Modest
	Top 10 Contributors			44.09%			86.88%		

*Security weight in Nedgroup Global Equity Fund relative to security weight in MSCI World

Carbon Risk Management: Key Holdings

As part of the MSCI ESG Ratings model, we analyze a number of Key Issues, including Carbon Emissions. Assessment data for this issue is available for all companies for which we have determined that carbon presents material risks as well as for all companies on the MSCI World Index.

Assessment of carbon management includes a look at emissions intensity trend and performance relative to industry peers as well as the company's reduction targets (if any) and mitigation efforts. The chart to the right shows the market value percentage of companies with robust, modest, low, and minimal efforts to manage carbon emissions.



Largest Positions in Portfolio

10 (Best) - 0 (Worst)

	Company	Sector	Country	**Portfolio Weight**	Active Weight*	Carbon Risk Management Score	Carbon Risk Management	Carbon Intensity
1	MICROSOFT CORPORATION	Info Tech	United States of America	6.32%	2.42%	4.8	Low	38.8
2	UNILEVER PLC	Consumer Staples	United Kingdom	5.94%	5.73%	8.0	**Robust**	11.1
3	AMAZON.COM, INC.	Consumer Disc	United States of America	5.63%	2.99%	7.0	Modest	29.7
4	SAFRAN SA	Industrials	France	5.62%	5.49%	7.0	Modest	16.7
5	AIRBUS SE	Industrials	Netherlands	5.39%	5.24%	7.0	Modest	10.6

Lowest Portfolio Carbon Risk Management Scores

	Company	Sector	Country	Portfolio Weight	Active Weight*	**Carbon Risk Management Score**	Carbon Risk Management	Carbon Intensity
1	COMPAGNIE FINANCIERE RICH	Consumer Disc	Switzerland	2.04%	1.91%	4.7	Low	3.4
2	THE COOPER COMPANIES, INC	Health Care	United States of America	1.78%	1.76%	4.7	Low	24.2
3	SONIC HEALTHCARE LIMITED	Health Care	Australia	1.40%	1.39%	4.7	Low	20.1
4	MICROSOFT CORPORATION	Info Tech	United States of America	6.32%	2.42%	4.8	Low	38.8
5	THERMO FISHER SCIENTIFIC	Health Care	United States of America	3.75%	3.47%	4.8	Low	17.7

Highest Portfolio Carbon Risk Management Scores

	Company	Sector	Country	Portfolio Weight	Active Weight*	**Carbon Risk Management Score**	Carbon Risk Management	Carbon Intensity
1	SIEMENS AKTIENGESELLSCHAF	Industrials	Germany	3.02%	2.76%	8.7	**Robust**	6.7
2	UNILEVER PLC	Consumer Staples	United Kingdom	5.94%	5.73%	8.0	**Robust**	11.1
3	UNITEDHEALTH GROUP INCORP	Health Care	United States of America	4.67%	3.96%	7.2	Modest	1.5
4	AMADEUS IT GROUP, S.A.	Consumer Disc	Spain	4.13%	4.08%	7.2	Modest	2.5
5	DASSAULT SYSTEMES SE	Info Tech	France	2.30%	2.26%	7.2	Modest	1.1

*Security weight in Nedgroup Global Equity Fund relative to security weight in MSCI World

Source: MSCI, Veritas Asset Management LLP

Opportunities: Clean Technology Solutions

MSCI ESG Research analyzes companies involved in clean technology solutions based on their sales in the following categories: Alternative Energy, Energy Efficiency, Green Building, Pollution Prevention, and Sustainable Water. The table and chart show the percent of the portfolio and benchmarks that are represented by companies with sales from these activities. Also included are the top ten holdings of the portfolio based on the estimated percent of revenue from these activities.

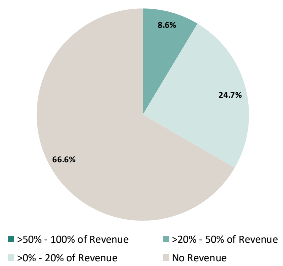
Weight of Companies Offering Clean Technology Solutions

		Nedgroup Global Equity Fund	MSCI World
Theme	Alternative Energy	4.9%	11.6%
	Energy Efficiency	33.4%	33.8%
	Green Building	4.9%	2.4%
	Pollution Prevention	4.9%	5.2%
	Sustainable Agriculture	0.0%	0.3%
	Sustainable Water	4.9%	4.0%
Estimated Revenue Generated	**Any Strategy**	**33.4%**	**40.5%**
	>50% - 100%	0.0%	5.6%
	>20% - 50%	8.6%	7.7%
	>0% - 20%	24.7%	27.3%
	Any Revenue	**33.4%**	**40.5%**

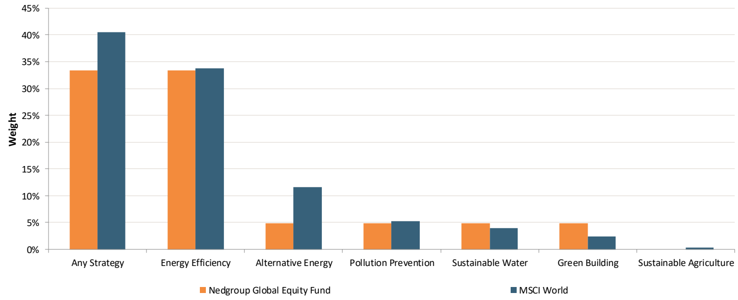
Top 10 by Estimated Percent of Revenue Generated from Clean Technology Solutions

	Company	Sector	Country	Portfolio Weight	Clean Technology Solution	Estimated Revenue from Clean Tech
1	DASSAULT SYSTEMES SE	Info Tech	France	2.30%	Energy Efficiency	36%
2	MICROSOFT CORPORATION	Info Tech	United States of America	6.32%	Energy Efficiency	23%
3	SALESFORCE, INC.	Info Tech	United States of America	3.13%	Energy Efficiency	19%
4	VINCI SA	Industrials	France	4.87%	Green Building	16%
5	SIEMENS AKTIENGESELLSCHAFT	Industrials	Germany	3.02%	Energy Efficiency	12%
6	AMAZON.COM, INC.	Consumer Disc	United States of America	5.63%	Energy Efficiency	8%
7	ALPHABET INC.	Comm Svcs	United States of America	4.33%	Energy Efficiency	3%
8	THERMO FISHER SCIENTIFIC I	Health Care	United States of America	3.75%	Energy Efficiency	2%
9	UNILEVER PLC	Consumer Staples	United Kingdom	5.94%	Alternative Energy	0%
10	SAFRAN SA	Industrials	France	5.62%	Alternative Energy	0%

Portfolio Weight Grouped by Estimated Revenue Generated from Clean Technology Solutions



Weight of Companies Offering Clean Technology Solutions



Source: MSCI, Veritas Asset Management LLP

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.

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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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