NEDGROUP INVESTMENTS

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Nedgroup Investments Global Flexible Fund

Quarter Two, 2021

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

USD performance to 30 June 2021	Nedgroup Investments Global Flexible[1]	S&P 500	MSCI World
3 months	3.7%	8.5%	7.7%
12 months	35.8%	40.8%	39.0%

Overview

The Nedgroup Investments Global Flexible Fund ("the Fund") gained 3.7% for the quarter and 35.8% for the trailing one-year to 30 June 2021. The Fund generated c.90% of the average of the S&P 500 and MSCI World's return in the trailing twelve months, outperforming its own 73.1% average net risk exposure.[2]

The Fund's performance is compared to various market indices in the following table:

***Exhibit A:* Performance versus Illustrative Indices**[3]

	Q2 2021	Trailing 12-month
Nedgroup Investments Global Flexible Fund	3.7%	35.8%
MSCI World	7.7%	39.0%
MSCI ACWI	7.4%	39.3%
S&P 500	8.6%	40.8%
60% MSCI ACWI / 40% BBgBarc U.S. Agg	5.2%	22.2%
60% S&P 500 / 40% BBgBarc U.S. Agg	5.8%	23.0%

Source: FPA. Fund returns are net of fees per footnote 1 below.

Portfolio review

As stewards of your capital, the FPA Portfolio Management Team presently find themselves feeling uncomfortably comfortable, which they find an odd sensation. The Team doesn't mean to imply that they feel complacent; however, the Fund's cash levels are significantly lower than in recent years. With a relatively modest amount of dry powder, they no longer wake each morning hoping for a market pullback that offers a flood of potential bargains. Instead, they would now be happy with a sale in just one section of the store, allowing the Team to pick up a few discounted securities to go along with a shopping cart that is already relatively full - and they may have tempted fate and invited such an opportunity with their opening line.

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

[2] Risk assets are any assets that are not risk free and generally refers to any financial security or instrument, such as equities, commodities, high-yield bonds, and other financial products that are likely to fluctuate in price. Risk exposure refers to the Fund's exposure to risk assets as a percent of total assets. The Fund's net risk exposure as of June 30, 2021 was 74.5%.

[3] Comparison to the indices is for illustrative purposes only. An investor cannot invest directly in an index. The performance information shown herein is 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 profits, losses, or results similar to those shown. Performance does not represent the return an investor in the Fund can or should expect to receive. Fund shareholders may only invest or redeem their shares at net asset value.

But just because we do not currently welcome a large drawdown for the markets, it does not mean that it will not happen. In fact, we are virtually certain at some point it will, but just can't tell you when. Though the portfolio will not be immune to the next selloff, whenever it may arrive, we remain committed to seeking equity-like returns over the long-term while avoiding permanent impairment of capital.

Consistent with the above philosophy, back in Q3 2019 the Fund began reporting contributors and detractors on a trailing twelve-month basis rather than the most recent quarter. At the time we wrote "Quarterly price movements, however, are generally not much more than "noise," frequently reversing in the coming months or quarters. It is therefore more informative to focus on what has happened in the most recent year."

The top contributors and detractors to the Fund's returns for the 12m ended 30 June 2021 are listed below: [4]

Winners	Performance contribution	Avg. weight	Losers	Performance contribution	Avg. weight
Alphabet	3.50%	5.39%	Olympus Corp.	-0.55%	0.78%
Jefferies Financial	2.50%	2.35%	McDermott Intl.	-0.36%	0.64%
AIG corp.	1.70%	2.93%	Just Eat.com	-0.04%	0.10%
TE Connectivity	1.69%	2.65%	Jardine Strategic	-0.03%	0.11%
Glencore plc	1.61%	1.95%	JDE Peet's NV	-0.02%	0.07%

Source: FPA.

Truth be told, even one year does not align with how the Team views the world. Of course, a longer than average holding period does not guarantee higher than average returns, but it reflects how we are willing to manage your capital in a differentiated manner in our quest for differentiated returns.

In fact, there have been many situations where the Fund has held names for multi-year periods, and there were times during those periods where performance lagged. While it certainly would have aided Fund returns if it had been able to enter, exit, and ultimately re-enter each name to avoid the periods of fallow results, such ambidexterity is easier said than done. We say this with experience, having previously sold shares in high quality equities assured in the belief we would be able to repurchase them in the future at a lower price. Oddly, even when the shares did subsequently trade off, we demonstrated an uncanny consistency for proclaiming the right price for re-entry to be some 5-10% lower than where the shares ultimately bottomed. This has led us to conclude that when it comes to investing in quality equities, one of the keys to generating attractive compound returns is to not interfere with the process of compounding.

So, while at times it may look like the Fund is sitting on names that are stuck in the mud, it is fair to assume that we are not overly perturbed by short-term under-performance provided we remain confident that such securities are simply building kinetic energy ahead of delivering future gains. In this manner, you can think of the Team coming into the office each day and not eating the marshmallow lying on their desks, confident that the delayed gratification will be rewarded in the form of a much larger marshmallow at a future date.

We believe this approach has served us well over time at the portfolio level. Arguably, the Fund has done a respectable job of consistently delivering equity-like rates of return over extended periods. The kink of course is that one could only realize these returns by holding the Fund through periods of under-performance and resisting the urge to look for a tastier marshmallow elsewhere. We realise this style of investing with a multi-year outlook is not for everyone, but if you are reading this commentary, we thank you for partnering with us on the journey.

[4] Reflects the top five contributors and detractors to the Fund's performance based on contribution to return for the three months (Q2 2021) through June 30, 2021. Contribution is presented gross of investment management fees, transactions costs, and Fund operating expenses, which if included, would reduce the returns presented. 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.

But past aside, the matter at hand is how the Fund is currently positioned and what prospective returns will be in the coming years. Unfortunately, we still do not have a crystal ball to tell us what the future holds for inflation, variants, or GDP growth. We can tell you with confidence that we like what the Fund owns in terms of quality and value and are comfortable with our current level of net exposure. Though we do not view the market at large as particularly inexpensive at present - as we indicated in Q1 - we are not overly concerned with where the market may trade, as we don't own the market. As for what we do own, as illustrated in the exhibit below, the Fund's equity holdings are cheaper than the market as measured by 1-year forward price to earnings and current price to book despite not making any sacrifices as it relates to historical or prospective earnings growth.

***Exhibit B:* Fund Equity Holding Valuation and Earnings Growth vs Stock Market**[5]

	Price/Earnings 1 Year Forward		**Price/Book**		**3-Year Trailing EPS Growth**		**3-Year Fwd Estimated EPS Growth**	
	Jun 2020	**Jun 2021**	Jun 2020	**Jun 2021**	Jun 2020	**Jun 2021**	Jun 2020	**Jun 2021**
Fund - Equity Only	20.6x	**20.8x**	1.3x	**1.9x**	14%	**11%**	19%	**32%**
vs. S&P 500	*-17%*	*-7%*	*-64%*	*-59%*	*115%*		*78%*	*27%*
vs. MSCI World	*1%*	*5%*	*-49%*	*-36%*	*214%*		*77%*	*37%*
vs. MSCI ACWI	*-6%*	*7%*	*-46%*	*-8%*	*297%*		*71%*	*39%*
S&P 500	24.9x	**22.3x**	3.5x	**4.6x**	7%	**-1%**	11%	**25%**
MSCI World	20.4x	**19.8x**	2.5x	**3.0x**	4%	**-6%**	11%	**23%**
MSCI ACWI	21.9x	**19.4x**	2.3x	**2.1x**	4%	**-6%**	11%	**23%**

Source: FPA.

Stepping back for a moment, many managers start with an index benchmark when constructing their portfolio and then play a game of over- or under-weighting various names or sectors. In sharp contrast, the FPA Portfolio Management Team starts with a completely blank page and have a portfolio that looks nothing like any index they have ever observed. So, while the Fund owns many well-known companies, such as three of the FAANG constituents, which the Team believes are reasonably valued, the Team also rounds out the Fund's holdings with a collection of names that either remain starkly out of favour or are largely absent from the major indices.[6] Examples of such securities include the Fund's Asian holding companies such as LG Corp, Samsung C&T, Softbank, and Swire Pacific, as well as its "Chinternet"-focused positions in Alibaba, Naspers/Prosus, and Baidu.[7]

Though we have discussed the Chinese internet conglomerates regularly in prior commentaries and conference calls, LG Corp, Samsung C&T, and Softbank are names that were purchased in 2020, and have yet to be publicly profiled. Interestingly, LG Corp and Samsung C&T trade at discounts to our estimates of intrinsic value greater than 50% based exclusively on publicly traded marks, while also trading at a single digit multiple to their

[5] Source: CapIQ, Factset, Bloomberg, FPA calculations. 3-Year Forward Estimated EPS Growth is based on FPA calculations using consensus data from CapIQ, Factset and Bloomberg. Forward looking statistics are estimates and subject to change. Comparison to the S&P 500, MSCI World, and MSCI ACWI Indices is being used as a representation of the "market" and is for illustrative purposes only. The equity holdings average weight in the Fund was 73.1% and 70.7% for Q2 2021 and TTM through 6/30/21, respectively. The equity holdings average weight in the Fund was 65.1% and 62.0% for Q2 2020 and TTM through 6/30/20, respectively. 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. The equity statistics noted herein do not represent the results that the Fund or an investor can or should expect to receive.

[6] The FAANG constituents include: Facebook (FB), Apple (AAPL), Amazon (AMZN), Netflix (NFLX), and Alphabet (GOOG).

[7] Portfolio composition will change due to ongoing management of the Fund. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities listed. This is not a recommendation for a specific security and these securities may not be in the Fund at the time you receive this commentary.

estimates of look-through after-tax earnings for 2021. As for Softbank, look-through earnings are challenging to calculate due to limited disclosure for many of the private holdings, but the discount to intrinsic value estimates based on private and public marks is similarly wide to the other two names. Regardless, in all instances we are afforded the privilege of investing alongside the controlling family or founder, and moreover, we believe the underlying asset quality of each conglomerate has significant appeal.

As for Alibaba, Tencent and Baidu, the we believe those securities trade at very wide discounts to intrinsic value estimates based on the "sum of the parts" – a four-word phrase analogous to a four-letter curse word for investors with time horizons shorter than our own. While we readily acknowledge many of these "parts" may not contribute to earnings for several years, as genuine long-term oriented investors, we relish the opportunity pick up cheap or even free options, as we believe exists in the form of autonomous driving within Baidu or the cloud business within Alibaba. This is no different to how we viewed asymmetric optionality in past years in the form of Waymo/Youtube within Alphabet, and Occulus/Whatsapp within Facebook.

Speaking of free options, we have also spent the past quarter assembling a portfolio of special purpose acquisition companies or "SPACs", for which we see a positively skewed potential for returns versus the commensurate risk. For those not familiar, a SPAC is a non-operating corporate shell set up by a sponsor to pursue an acquisition of an unknown business on unknown terms. Mechanically, a SPAC's IPO proceeds are placed into an interest bearing trust, and the money in trust can only be used to complete an acquisition or it will be returned to investors if the sponsor fails to complete a deal (typically a two-year window from the SPAC IPO).

In each case, the Fund seeks to acquire the SPACs at roughly equal to or slightly less than the trust value per share, mitigating the long-term risk of a permanent loss of capital. The upside occurs if the market takes a favourable view on a potential deal, which would result in the shares trading at a premium to trust value and provide the option to exit the holdings with a capital gain. Alternatively, should investors take a dim view of an announced transaction, the Fund could simply exercise its redemption rights to receive the trust value of the shares in cash.

Quite often the Fund is also buying a share in a SPAC with a unit for warrants attached. In this instance, we have the opportunity to retain the warrants and participate in the future upside of the SPAC even if we choose to sell or redeem the shares prior to the closing of the actual acquisition. In summary, we view our SPAC basket as a case of "heads we win, tails we don't lose."[8]

As for other activity in the portfolio, our valuation discipline has made it challenging to put capital to work in this market that has largely been up and to the right. Nonetheless we have used the occasional pullback to opportunistically establish toehold positions in a handful of new names. Of the current exposure attributed to new purchases in 2021, half has been towards SPACs, and the balance largely towards digitally focused firms. Though the Fund's recent digital investments are not necessarily bleeding edge tech companies, we believe the purchase of each is an additional step towards the never-ending goal of further future-proofing the portfolio.

Conclusion

In order to optimize the likelihood of future success, the FPA Portfolio Management Team operates in a perpetual state of adaptation. We tackle each day in the hopes that we learn something new that helps us to be better prepared to face the inevitable challenges and act on new opportunities.

A long-time investor at FPA offered the Team this observation from the novelist, playwright, essayist, poet, and activist James Baldwin, *"Not everything that is faced can be changed, but nothing can be changed until it is faced."* We can't bend the world to our will, but we can always improve.

Thank you for entrusting us with your capital.

[8] SPACs involve risks. There is no guarantee that the Fund's investments in SPACs will be profitable.

DISCLAIMER

This is a marketing communication. Please refer to the Prospectus of the UCITS and to the KIID before making any final investments decisions.

Nedgroup Investments Funds PLC (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 (S.I. No. 352 of 2011) as amended from time-to-time.

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The Fund and certain of its sub-funds are recognised in accordance with Section 264 of the Financial Services and Markets Act 2000.

UK investors should read the Appendix for UK investors in conjunction with the Fund's Prospectus which are available from the Investment Manager www.nedgroupinvestments.com

The Fund has been recognised under paragraph 1 of Schedule 4 to the Collective Investment 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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The statements contained herein reflect the opinions and views of the FPA portfolio management team as of the date written, are subject to change without notice, and may be forward-looking and/or based on current expectations, projections, and/or information currently available. Such information may not be accurate over the long-term. These views may differ from other portfolio managers and analysts of the sub-investment manager as a whole, and are not intended to be a forecast of future events, a guarantee of future results or investment advice.

Investing in Special Purpose Acquisition Companies ("SPACS") involves risks. Because SPACs and similar entities have no operating history or ongoing business other than seeking acquisitions, the value of their securities is particularly dependent on the ability of the entity's management to identify and complete a profitable acquisition. SPACs are not required to provide the depth of disclosures or undergo the rigorous due diligence of a traditional initial public offering (IPO). Investors in SPACs may become exposed to speculative investments, foreign or domestic, in higher risk sectors/industries. SPAC investors generally pay certain fees and give the sponsor certain incentives (e.g., discounted ownership stakes) not found in traditional IPOs. Due to this, an investment in a SPAC may include potential conflicts and the potential for misalignment of incentives in the structure of the SPAC. Other risks include but are not limited to: SPACS may not be able to identify an acquisition target; an acquisition target may not get approved by SPAC shareholders or shareholders may not have sufficient voting power to disapprove a SPAC transaction; an acquisition may prove unsuccessful; an investment in a SPAC may lose value; SPACS may be considered illiquid or be subject to restrictions on resale; and an investment in a SPAC may be diluted by additional offerings.

Index Definitions

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

S&P 500 Index includes a representative sample of 500 hundred companies in leading industries of the U.S. economy. The Index focuses on the large-cap segment of the market, with over 80% coverage of U.S. equities, but is also considered a proxy for the total market.

S&P 500 Value Index is a subset of the S&P 500 index. Companies within the index are ranked based on growth and value factors including three-year change in earnings price/share, three-year sales/share growth rate, momentum, book value/price ratio, earnings/price ratio, sales/price ratio. The companies at the bottom of this list, which have a higher Value Rank, comprising 33% of the total index market capitalization are designated as the Value basket.

S&P 500 Growth Index is a subset of the S&P 500 index. Companies within the index are ranked based on growth and value factors including three-year change in earnings price/share, three-year sales/share growth rate, momentum, book value/price ratio, earnings/price ratio, sales/price ratio. The companies at the top of this list, which have a higher Growth Rank, comprising 33% of the total index market capitalization are designated as the Growth basket.

MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 26 emerging markets.

Consumer Price Index (CPI) is an unmanaged index representing the rate of the inflation of U.S. consumer prices as determined by the U.S. Department of Labor Statistics. The CPI is presented to illustrate the Fund's purchasing power against changes in the prices of goods as opposed to a benchmark, which is used to compare the Fund's performance. There can be no guarantee that the CPI will reflect the exact level of inflation at any given time.

Bloomberg Barclays U.S. Aggregate Bond Index provides a measure of the performance of the US investment grade bonds market, which includes investment grade US Government bonds, investment grade corporate bonds, mortgage pass-through securities and asset-backed securities that are publicly offered for sale in the United States. The securities in the Index must have at least 1-year remaining in maturity. In addition, the securities must be denominated in US dollars and must be fixed rate, nonconvertible, and taxable.

60% S&P500/ 40% Bloomberg Barclays U.S. Aggregate Bond Index is a hypothetical combination of unmanaged indices and comprises 60% S&P 500 Index and 40% Bloomberg Barclays U.S. Aggregate Bond Index.

60% MSCI ACWI/ 40% Bloomberg Barclays U.S. Aggregate Bond Index is a hypothetical combination of unmanaged indices and comprises 60% MSCI ACWI Index and 40% Bloomberg Barclays U.S. Aggregate Bond Index.

Other Definitions

Earnings Per Share (EPS) is calculated as a company's profit divided by the outstanding shares of its common stock. The resulting number serves as an indicator of a company's profitability.

Earnings Per Share Growth is defined as the percentage change in normalized earnings per share over the previous 12-month period to the latest year end.

Market Capitalization refers to the total dollar market value of a company's outstanding shares of stock. Commonly referred to as "market cap," it is calculated by multiplying the total number of a company's outstanding shares by the current market price of one share.

Market Cycles, also known as stock market cycles, is a wide term referring to trends or patterns that emerge during different markets or business environments.

Net Risk Exposure is a measure of the extent to which a fund's trading book is exposed to market fluctuations. In regards to the Fund, it is the percent of the portfolio exposed to Risk Assets.

Price to Book is used to compare a firm's market capitalization to its book value. It's calculated by dividing the company's stock price per share by its book value per share (BVPS). An asset's book value is equal to its carrying value on the balance sheet, and companies calculate it netting the asset against its accumulated depreciation.

Price to Earnings is the ratio for valuing a company that measures its current share price relative to its EPS. The price-to-earnings ratio is also sometimes known as the price multiple or the earnings multiple.

Sum-of-the-Parts valuation is a process of valuing a company by determining what its aggregate divisions would be worth if they were spun off or acquired by another company.

Trailing Price to Earnings is a relative valuation multiple that is based on the last 12 months of actual earnings.

Forward Price to Earnings is a version of the ratio of price-to-earnings (P/E) that uses forecasted earnings for the P/E calculation.

Price to Sales is a valuation ratio that compares a company's stock price to its revenues. It is an indicator of the value that financial markets have placed on each dollar of a company's sales or revenues.

Risk Assets is any asset that carries a degree of risk. Risk asset generally refers to assets that have a significant degree of price volatility, such as equities, commodities, high-yield bonds, real estate and currencies, but does not include cash and cash equivalents.

Standard Deviation is a measure of the dispersion of a set of data from its mean.

Trust Value per Share or Net Asset Value per Share (NAV) – The NAV (Net Asset Value) or Trust Value per Share is generally $10 (the standard offer price per SPAC unit) plus the interest accrued. It is calculated as the Trust Size / Outstanding Redeemable Shares.

Volatility is a statistical measure of the dispersion of returns for a given security or market index. In most cases, the higher the volatility, the riskier the security. Volatility is often measured as either the standard deviation or variance between returns from that same security or market index.