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Nedgroup Investments Contrarian Value Equity Fund

Quarter Four, 2023

Marketing Communication

Nedgroup Investments Contrarian Value Equity Fund

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

USD performance to 31 December 2023	Nedgroup Investments Contrarian Value Equity ¹	MSCI ACWI
3 months	11.1%	11.0%
1 year	27.3%	22.2%
3 years (p.a.)	7.0%	5.8%
Since inception (p.a.)	8.5%	8.5%

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

Source: Morningstar

Overview

The Nedgroup Investments Contrarian Value Equity Fund ("the Fund") gained 11.1% for the quarter and gained 27.3% for the trailing twelve months. The Fund captured 123.0% of the MSCI ACWI's gain in the trailing twelve months.

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

Exhibit A: Net Performance versus Illustrative Indices²

	Q4 2023	Trailing 12 months
Nedgroup Contrarian Value Equity Fund	11.1%	27.3%
MSCI ACWI	11.0%	22.2%
MSCI World	11.4%	23.8%
S&P 500	11.7%	26.3%

Source: Morningstar

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

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

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

Portfolio discussion

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

*Exhibit B: Trailing Twelve-Month Contributors and Detractors as of 31 December 2023*³

Winners	Performance contribution	Average weight	Losers	Performance contribution	Average weight
Meta Platforms	4.3%	4.0%	International Flavors and Fragrances	-0.6%	3.2%
Alphabet	4.1%	8.1%	Delivery Hero	-0.2%	0.4%
Holcim	2.8%	5.2%	FirstEnergy	-0.2%	1.5%
Broadcom	2.0%	2.4%	Nexon	-0.2%	0.7%
Amazon	1.8%	2.6%	Just Eat Takeaway	-0.1%	0.3%

Source: FPA

We have not recently discussed the following investments meaningful to the Fund's trailing twelve-month return.⁴

Meta saw a welcome recovery in engagement and revenue year-to-date following a tough 2022. The company has continued to offer new solutions that allow advertisers to target customers effectively and efficiently via one of the world's leading digital platforms. Moreover, operating profits are rising due to an organization-wide focus on improving productivity and accelerating the time to market for new products. However, overall profitability continues to be weighed down by losses in the Reality Labs segment. But there is positive optionality that Meta will emerge from the AI arms race as one of the leading players in the industry.

Alphabet continued going from strength to strength during 2023 despite concerns that competition may infringe on the company's dominant position in Search. Thus far, Alphabet has continued to hold its own, and we look forward to seeing how the company incorporates further AI developments across the Alphabet ecosystem. Lastly, we are hopeful that the impending arrival of a new CFO will bring a renewed focus on efficiency – an area where we believe Alphabet has ample room for improvement.

FirstEnergy is an Ohio-based public utility holding company that we purchased in 2020 in the face of a bribery scandal. The company paid fines, and senior management changed as a result; since then, the company has performed well operationally, which has translated into good stock performance. While increasing interest rates in 2023 caused its stock to drop from its highs (along with the Interest Rate Caps), it continues to trade at a substantial discount to its peers and offers a 4.5% dividend yield.

³ Reflects the top five contributors and detractors to the Fund's performance based on contribution to return for the trailing twelve months through 31 December 2023. Contribution is presented net of investment management fees, transactions costs, and Fund operating expenses using the fees and expenses of the Fund's D class, which are 0.75%. The information provided does not reflect all positions purchased, sold or recommended by FPA during the period. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities listed.

⁴ The company data and statistics referenced in this section are sourced from company press releases and financial disclosures unless otherwise noted.

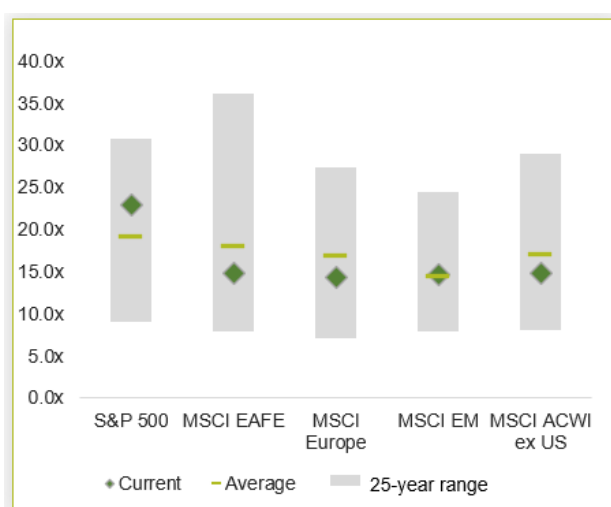
Markets⁵

A small number of mega-cap companies drove stock prices last year. The “Magnificent Seven” stocks (Apple, Alphabet, Microsoft, Amazon.com, Meta Platforms, Tesla, and Nvidia) ended the year with an aggregate market cap of almost \$12 trillion, more than the U.K., Canadian, and Japanese stock markets combined.⁶ Their 111% return in 2023 accounted for approximately 75% of the 26.3% total return in the S&P 500. The average stock delivered a much lower return, with the equal-weighted S&P 500 gaining just 10.4%.

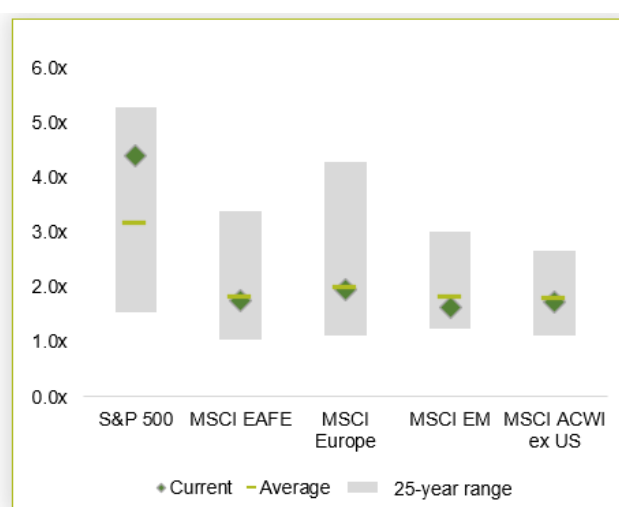
Today, particularly in the U.S., valuations are less attractive relative to last year. We are grateful to be able to invest broadly, as we believe other parts of the globe currently offer better value.

Global Stock Market Valuations as of 31 December 2023

Price to Earnings Ratio Trailing 12- Month



Price to Book Ratio



Source: Bloomberg and Factset

While the Fund’s investments understandably trade more richly compared to year-end 2022, they trade at lower valuations than the Magnificent Seven, MSCI ACWI, and S&P 500, as reflected in the lower Price/Book and Price/Earnings ratios in the following table. But price without quality is like a crewless boat without an anchor, adrift without direction. Instead, we also focus on identifying quality - attractive earnings growth, solid returns on capital, and sound balance sheets - at fair prices. Through that lens, you can see that the Fund’s equities appear, on average, more attractive.

⁵ Market data in this section, including the charts, is as of December 31, 2023, and is sourced from Bloomberg and/or Factset unless otherwise noted.

⁶ [What I Learned This Week](#). 13D Research and Strategy. January 11, 2024.

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

Nedgroup Investments Contrarian Value Equity Fund Characteristics vs MSCI ACWI and Magnificent Seven⁷

As of December 31, 2023	Price/Earnings 1-Year Forward	Price/Book	3-Year Trailing EPS Growth	3-Year Forward Estimated EPS Growth	Return on Equity	Net Debt/Total Capital
Fund	15,5x	2,0x	42%	22%	26%	20%
vs. MSCI ACWI	-6%	-30%	137%	88%	84%	-31%
vs. Magnificent 7	-51%	-48%	15%	8%	-44%	
MSCI ACWI	16,5x	2,8x	18%	12%	14%	29%
Magnificent 7	31,8x	3,8x	37%	21%	47%	-17%

Source: Factset and Bloomberg

Cheaper and better should translate into good performance versus the market over time. We believe our time is best spent deliberating about whether the companies in the portfolio and those in consideration will meet our expectations over time rather than trying to ascertain what inflation or interest rates might do, who might win the next election, etc.—focusing on bottoms-up, rather than top-down analyses.

Portfolio Activity⁸

The Fund exited one investment, added two new investments, and decreased two investments during the quarter. The Fund exited South African-based Naspers but swapped it for Prosus which we believe has a more favourable discount. The Fund decreased its exposure to Groupe Bruxelles Lambert after meeting with management, and American International Group due to the stock's lower risk/reward profile. The Fund did not have any increases of positions during the quarter.

Portfolio Profile

There were 44 equity positions in the Fund with the top five holdings comprising 29.6% and the top 10 comprising 48.0% of the portfolio (based on total assets) as of 31 December 2023. The top three sector exposures in the Fund, based on the Global Industry Classification Standard (GICS) sector classification, are Communication Services, Information Technology, and Materials which comprise 50.4% of the total assets of the Fund. As a percentage of equity, the Fund has 42.0% non-US exposure and 58.0% exposure in the US.⁹

Closing

We have been around long enough not to get so excited about a good year, knowing that a bad year might be just a flip of the calendar away. After one has strung together the good, the bad, and the ugly years, we hope to have delivered good risk-adjusted returns. But, as Clint Eastwood's Blondie character from *The Good, the Bad, and the Ugly* aptly said, "We're gonna have to earn it."

Respectfully submitted,

FPA Contrarian Value Portfolio Management Team

⁷ 3-Year Forward Estimated EPS Growth is based on FPA calculations using consensus data from Factset and Bloomberg. Forward Price/Earnings and 3-Year Forward Estimated EPS Growth are estimates and subject to change. Comparison to the MSCI ACWI Indices is being used as a representation of the "market" and is for illustrative purposes only. The long equity statistics shown herein are for illustrative purposes only and may not reflect the impact of material economic or market factors. No representation is being made that any account, product or strategy will or is likely to achieve results similar to those shown. Long equity statistics noted herein do not represent the results that the Fund or an investor can or should expect to receive. Fund shareholders can only purchase and redeem shares at net asset value. Portfolio composition will change due to ongoing management of the Fund.

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

⁸ The information provided does not reflect all positions purchased, sold or recommended by FPA during the quarter. It should not be assumed that an investment in the securities listed was or will be profitable. Increases and decreases represent securities whose position size changed by at least 33% over the period and represent greater than 0.75% of the portfolio. Any exited position mentioned was fully removed, regardless of its representative portfolio size. Portfolio composition will change due to ongoing management of the Fund.

⁹ 'As a Percentage of Equity' excludes cash & cash equivalents. Portfolio composition will change due to ongoing management of the Fund.

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NEDGROUP INVESTMENTS CONTACT DETAILS

Tel: toll free from South Africa only 0800 999 160

Email: helpdesk@nedgroupinvestments.com

For further information on the fund please visit: www.nedgroupinvestments.com

OUR OFFICES ARE LOCATED AT

First Floor, St Mary's Court

20 Hill Street, Douglas

Isle of Man

IM1 1EU

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