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# Nedgroup Investments Contrarian Value Equity Fund

Quarter One, 2025



**Marketing Communication**



# Nedgroup Investments Contrarian Value Equity Fund

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

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

USD performance to 31 March 2025	Nedgroup Investments Contrarian Value Equity <sup>1</sup>	MSCI ACWI
3 months	-1.1%	-1.3%
1 year	4.4%	7.2%
3 years (p.a.)	7.9%	6.9%
5 years (p.a.)	16.6%	15.2%
Since inception (p.a.)	8.8%	9.2%

Source: Morningstar

## Overview

The Nedgroup Investments Contrarian Value Equity Fund (“the Fund”, “NCVE”) declined 1.1% for the quarter but gained 4.4% for the trailing twelve months. The Fund captured 61% of the MSCI ACWI’s gain in the trailing twelve months.

Below you can see the Fund’s performance along with various relevant performance indicators.

## Net Performance versus Illustrative Performance Indicators<sup>2</sup>

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

	Q1 2025	Trailing 12 months
Nedgroup Contrarian Value Equity Fund	-1.1%	4.4%
MSCI ACWI	-1.3%	7.2%

Source: Morningstar

## Portfolio & Market Discussion

We spoke to generally high stock valuations, particularly in the US, in the Fund’s 2024 year-end commentary. We took advantage of higher prices and reduced some of our positions.

With respect to the recent performance of the Fund, in the previous twelve months, NCVE’s top five performers contributed 5.2% to its return while its bottom five detracted 3.3%.

<sup>1</sup> For illustrative purposes only. Reflects the net USD return for the Nedgroup Investments Contrarian Value Equity Fund, D class.

<sup>2</sup> Comparison to the performance indicators 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.**



## Trailing Twelve-Month Contributors and Detractors as of 31 March 2025 (%) <sup>3</sup>

Winners	Performance contribution	Average weight	Losers	Performance contribution	Average weight
Holcim	1.2	5.5	Glencore	-0.7	2.2
Meta Platforms	1.1	5.7	Comcast	-0.7	4.8
Kinder Morgan	1.1	1.8	ICON	-0.7	1.1
Wells Fargo	1.0	3.3	Ferguson Enterprises	-0.7	2.4
Citigroup	0.9	4.9	LG Corp	-0.5	1.4

Source: FPA

We will review the following companies that have impacted portfolio performance.<sup>4</sup>

**Kinder Morgan** is one of the largest energy infrastructure companies in North America and specializes in owning and controlling oil and gas pipelines and terminals. The company had some favourable events that we believe helped drive its stock price higher—a consensus developed that AI data centres will require a significant increase in US natural gas consumption; the new administration reversed the previous ban on LNG development; and the company materially increased its backlog of financially attractive development projects.<sup>5</sup> In addition to these positive external developments, solid operating performance and continued exemplary corporate management contributed to strong stock performance.

**Ferguson Enterprises** is a construction materials distributor specializing in plumbing, HVAC, and appliance products. Despite fourth quarter revenue growth, full-year sales and operating margins were roughly flat. The company's residential end markets business saw muted activity, with new housing starts and permit activity slowing in the back half of the year. We believe Ferguson shares remained attractively valued and continued to selectively add to our position.

While the Fund's first and third quarter commentaries typically communicate performance and some of the names that drove it over the last year, even that seems less pertinent today given recent market volatility associated with the moving target of what tariffs will or won't be. We have no idea where things will end up – our tariffs or that of our trading partners – which feeds investor's insecurity. You have not entrusted us with your hard-earned capital to opine on public policy but rather to do the best with the hand we are dealt. The markets respond fearfully to uncertainty, but nothing is ever certain. In strong economic environments and stock markets, complacency creates false confidence, but when negative news headlines raise more questions than answers, investors often assume the worst.

### Portfolio Activity<sup>6</sup>

The Fund added one investment and increased another during the quarter – Bio-Rad Laboratories and Vail Resorts, respectively. The Fund did not make any material decreases in positions or exits during the quarter.

### Portfolio Profile

There were 44 equity positions in the Fund with the top five holdings comprising 26.3% and the top 10 comprising 46.6% of the portfolio (based on total assets) as of quarter-end. The top three sector exposures in the Fund, based on the Global

<sup>3</sup> Reflects the top five contributors and detractors to the Fund's performance based on contribution to return for the trailing twelve months through 31 March 2025. 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.

<sup>4</sup> The company data and statistics referenced in this section, including competitor data, are sourced from company press releases, investor presentations, financial disclosures, SEC filings, or company websites, unless otherwise noted.

<sup>5</sup> January 21, 2025. U.S. Department of Energy Reverses Biden LNG Pause, Restores Trump Energy Dominance Agenda | Department of Energy (<https://www.energy.gov/articles/us-department-energy-reverses-biden-lng-pause-restores-trump-energy-dominance-agenda>).

LNG is Liquid Natural Gas.

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

<sup>6</sup> 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 either changed by at least 33% over the period and represent greater than 0.75% of the portfolio at the beginning of the quarter or approximately greater than 0.25% of average NAV spent on trading. Any exited position mentioned was fully removed, regardless of its representative portfolio size. Portfolio composition will change due to ongoing management of the Fund. As of 31 March 2025, the securities mentioned, and corresponding positions sizes were as follows: Bio-Rad Laboratories (1.1%); Vail Resorts (1.5%).



Industry Classification Standard (GICS) sector classification, are Communication Services, Consumer Discretionary, and Information Technology which comprise 46.1% of the total assets of the Fund. As a percentage of equity, the Fund has 43.4% non-US exposure and 56.6% exposure in the US.<sup>7</sup> However, 56.4% (as a percentage of equity) of the portfolio companies' revenues are non-US.<sup>8</sup>

### Closing

We continue to monitor the companies we own and those we hope to purchase, fine-tuning models as we prepare for the worst, yet hope for the best.

Respectfully submitted,

FPA Contrarian Value Portfolio Management Team

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<sup>7</sup> 'As a Percentage of Equity' excludes cash & cash equivalents. Portfolio composition will change due to ongoing management of the Fund.

<sup>8</sup> Source: Factset, based on country of domicile and revenue by geography. 'As a Percentage of Equity' excludes cash and cash equivalents. Revenue refers to the geographic location of portfolio companies' revenue sources, rather than where they are domiciled, and may provide additional insight into the portfolios' geographic diversification.

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**Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. The performance data herein represents past performance and investors should understand that investment returns and principal values fluctuate, so that when you redeem your investment it may be worth more or less than its original cost.**

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