# NEDGROUP INVESTMENTS GROWTH MULTIFUND

March 2018

Class A

## INTERNATIONAL RANGE

### RISK RATING

1 2 3 **4** 5 6 7

Equity and property investments are volatile by nature and subject to potential capital loss. For credit and income instruments, while unlikely, capital loss may also occur due to an event like the default of an issuer. The portfolio may be subject to currency fluctuations due to its international exposure.

### GENERAL INFORMATION

**BENCHMARK:**
3 month LIBID +3% to 5% over 5 to 7 years

**PEER GROUP:**
Morningstar Aggressive Allocation USD

**FUND LEGAL STRUCTURE:**
Irish OEIC UCITS IV

**INVESTMENT MANAGER:**
Nedgroup Investments (IOM) Limited; licensed by the Isle of Man Financial Services Authority.

**APPROPRIATE TERM:**
Minimum 5 - 7 years

**MARKET VALUE:**
$200m

**CURRENCIES AVAILABLE AND PRICES**

**USD Class A:** $19.7469
**USD Class B:** $14.9351
**GBP Class A:** £12.4028
**GBP Class B:** £15.1527
Value and prices as at 29 March 2018

**INCEPTION DATE:** 19 August 2011

**MINIMUM INVESTMENTS:**
**Class A:** $1,500 / £1,000
**Class B:** $250,000 / £150,000

**FEES AND CHARGES (VAT incl)***
Management fee Class A: 1.40% p.a
Management fee Class B: 1.00% p.a

**ON-GOING CHARGES (as at 29 March 2017)[2]**
Class A: 2.17%
Class B: 1.77%

**DEALING:**
Daily

**NOTICE PERIODS:**
Subscriptions: Noon T-1
Redemptions: Noon T-1

**SETTLEMENT PERIODS:**
Subscriptions: T+2
Redemptions: T+5

**ISIN / SEDOL:**
**Class A USD:** IE00B5T08X47 / B5T08X4
**Class B USD:** IE00B5N9GQ62 / B5N9GQ6
**Class A GBP:** IE00B5V7GM87 / B5V7GM8
**Class B GBP:** IE00B42XPP46 / B42XPP4


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### MINIMUM DISCLOSURE DOCUMENT

Please note: Differences may exist due to rounding

## FUND OBJECTIVE

The Growth MultiFund aims to provide high levels of growth with moderate to high levels of risk and volatility over the medium to longer-term.

It is anticipated that the Growth MultiFund will achieve a return of 3-month LIBID + 3% to 5% in the currency of the relevant share class over a rolling 5 to 7 year period.

In order to achieve the investment objective, the portfolio invests across a range of asset classes within a strategic and tactical asset allocation framework designed to maximise diversification benefits. An absolute and relative valuation-based approach underpins this framework, resulting in a multilayered process to facilitate disciplined decision-making and risk management.

The Growth MultiFund is suitable for clients with an investment time horizon of 5 to 7 years. Investing in the fund involves a risk to capital in order to achieve the desired return.

## FUND PERFORMANCE [1]

| PERIOD | USD | USD PEER GROUP | USD LIBID 3 Month | | GBP | GBP PEER GROUP | GBP LIBID 3 Month | |
|---|---|---|---|---|---|---|---|---|
| | % | % | +3% | +5% | % | % | +3% | +5% |
| 3 Months | -2.0% | -1.3% | 1.2% | 1.7% | -4.1% | -3.5% | 0.9% | 1.3% |
| 6 Months | 1.3% | 2.6% | 2.3% | 3.3% | -1.5% | -0.4% | 1.7% | 2.7% |
| 1 Year | 8.7% | 9.3% | 4.4% | 6.4% | 1.3% | 2.1% | 3.3% | 5.3% |
| 3 Years | 3.9% | 4.2% | 3.8% | 5.8% | 4.6% | 4.9% | 3.4% | 5.4% |
| 5 Years | 5.2% | 4.8% | 3.5% | 5.5% | 5.9% | 5.5% | 3.4% | 5.4% |
| YTD | -2.0% | -1.3% | 1.2% | 1.7% | -4.1% | -3.5% | 0.9% | 1.3% |
| 2017 | 16.9% | 16.2% | 4.2% | 6.2% | 10.6% | 9.9% | 3.2% | 5.2% |
| 2016 | 3.7% | 3.3% | 3.6% | 5.6% | 13.9% | 13.5% | 3.4% | 5.4% |
| 2015 | -3.2% | -2.4% | 3.2% | 5.2% | -0.2% | 0.6% | 3.5% | 5.4% |
| 2014 | 5.0% | 1.4% | 3.1% | 5.1% | 8.5% | 5.0% | 3.5% | 5.4% |
| 2013 | 12.6% | 12.4% | 3.1% | 5.1% | 6.9% | 7.0% | 3.4% | 5.4% |
| 2012 | 7.2% | 9.9% | 3.3% | 5.3% | 7.0% | 9.4% | 3.7% | 5.7% |
| Lowest 1 yr reutrn | -11.4% | | | | -6.3% | | | |
| Highest 1 yr return | 18.6% | | | | 21.5% | | | |
| Since inception * | 5.5% | 5.5% | 3.5% | 5.4% | 5.9% | 5.8% | 3.4% | 5.4% |

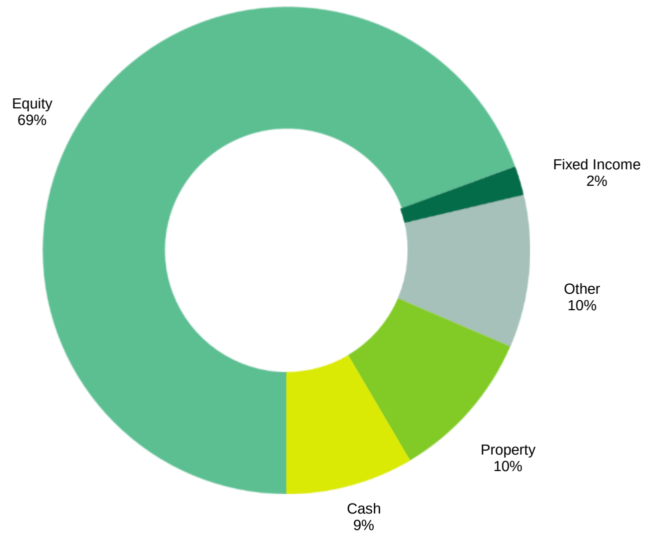
Class A performance net of fees. Inception 31 July 2011. * Since inception annualised.

USD peer group is the Morningstar Aggressive Allocation USD . For the GBP peer group data, the same competitor universe and returns are used as for the USD data, although a 45% hedge to sterling is applied, as per the fund's GBP share class.

## RISK MEASURE

| SINCE FUND INCEPTION | FUND USD | FUND GBP |
|---|---|---|
| Annualised volatility | 9.5% | 8.7% |
| Sharpe ratio (annualised) | 0.53 | 0.63 |
| Lowest monthly return | -7.8% | -7.8% |

## PORTFOLIO STRUCTURE




* Class A includes a trail fee of 0.75%
Class B includes a trail fee of 0.50%

1) The annualised total return is the average return earned by an investment each year over a given time period. Performance is calculated for the portfolio and individual investment performance may differ as a result of initial fees, the actual investment, the actual investment date, the date of any reinvestment and dividend withholding tax. Data source Nedgroup Investments (IOM) Limited.

2) The on-going fee is a measure of the actual expenses incurred in the management of the Classes of the Sub-Fund. The on-going fee shown is expressed as a percentage of the monthly average value of the portfolio calculated over a 12-month period as at the date shown. The current on-going fee cannot be used as an indication of future on-going fees. A higher on-going fee does not necessarily imply a poor return, nor does a low on-going fee imply a good return.

# NEDGROUP INVESTMENTS GROWTH MULTIFUND

March 2018

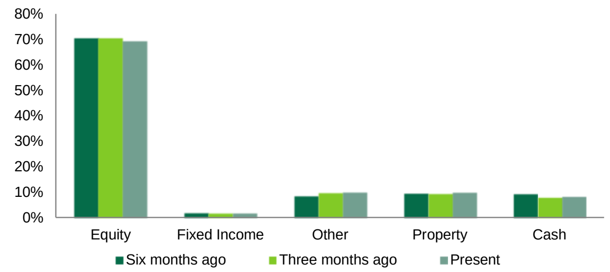
NEDGROUP INVESTMENTS

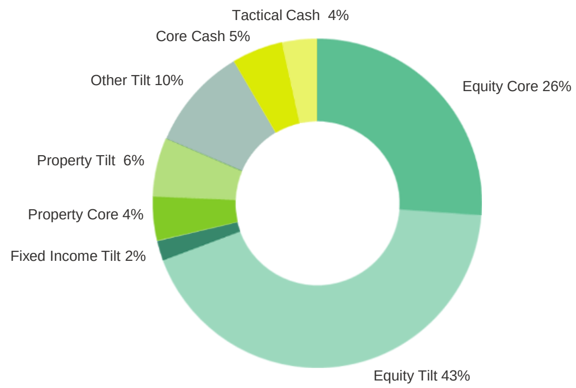
## TOTAL PORTFOLIO ANALYSIS

### FULL PORTFOLIO LISTING

| | | |
|---|---|---|
| **EQUITY** | | 69.4% |
| Vanguard Global Stock Index | Core | 19.9% |
| Dodge & Cox Global Stock Fund | Tilt | 12.9% |
| Nedgroup Global Equity Fund | Tilt | 11.1% |
| Vanguard Emerging Markets Stock | Core | 6.3% |
| TOBAM Anti-Benchmark World Equity | Tilt | 6.0% |
| Allianz Global Small Cap Equity | Tilt | 4.5% |
| Coronation Global Emerging Markets | Tilt | 4.3% |
| Morgan Stanley Global Brands | Tilt | 4.5% |
| **PROPERTY** | | 10.1% |
| Nedgroup Global Property Fund | Core | 4.3% |
| F&C Commercial Property Trust | Tilt | 2.2% |
| Impact Healthcare REIT | Tilt | 1.8% |
| Target Healthcare REIT | Tilt | 1.0% |
| Standard Life Investment Property Income | Tilt | 0.8% |
| **FIXED INCOME** | | 1.9% |
| Franklin Templeton Global Total Return Fund | Tilt | 1.9% |
| **OTHER** | | 10.1% |
| Greencoat UK Wind | Tilt | 3.2% |
| SQN Asset Finance Income Fund C Shares | Tilt | 2.2% |
| 3i Infrastructure Plc | Tilt | 1.1% |
| John Laing Environmental Assets Group | Tilt | 1.1% |
| Greencoat Renewables | Tilt | 1.0% |
| GCP Asset Backed Income Fund | Tilt | 0.9% |
| GCP Asset Backed Income Fund C Shares | Tilt | 0.6% |
| **CASH** | | 8.5% |
| BlackRock Institutional USD Liquidity Fund / Cash | Core | 5.0% |
| | Tilt/Tactical | 3.5% |
| **TOTAL** | | 100.0% |

### CHANGES IN ASSET ALLOCATION BY STRATEGY




## EQUITY COMPONENT [3]

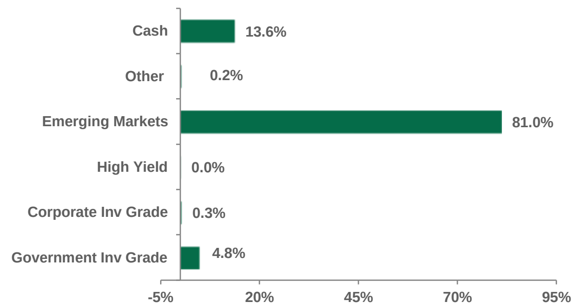
| TOP TEN UNDERLYING HOLDINGS | |
|---|---|
| Microsoft | 1.9% |
| Alphabet | 1.4% |
| Comcast | 1.4% |
| Baidu | 1.1% |
| American Express | 1.1% |
| Airbus | 1.1% |
| Naspers | 1.0% |
| Charter Communications | 0.9% |
| UnitedHealth Group | 0.9% |
| Express Scripts | 0.9% |
| **TOTAL** | **11.7%** |

| COUNTRY ALLOCATION | |
|---|---|
| USA | 47.5% |
| Europe ex-UK | 15.3% |
| UK | 7.4% |
| Emerging Markets | 17.2% |
| Pacific ex-Japan | 2.7% |
| Japan | 5.0% |
| Canada | 1.9% |
| Cash | 3.0% |
| **TOTAL** | **100.0%** |

| SECTOR ALLOCATION | |
|---|---|
| Financials | 17.2% |
| Information Technology | 18.1% |
| Consumer Discretionary | 14.5% |
| Health Care | 13.5% |
| Industrials | 10.1% |
| Consumer Staples | 9.5% |
| Energy | 4.2% |
| Materials | 4.0% |
| Real Estate | 1.9% |
| Telecommunication Services | 2.1% |
| Utilities | 1.8% |
| Cash | 3.0% |
| **TOTAL** | **100.0%** |

## FIXED INCOME COMPONENT [3]

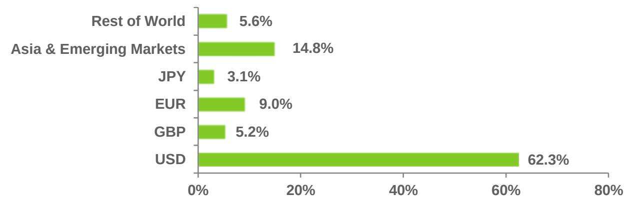
### CATEGORY ALLOCATION



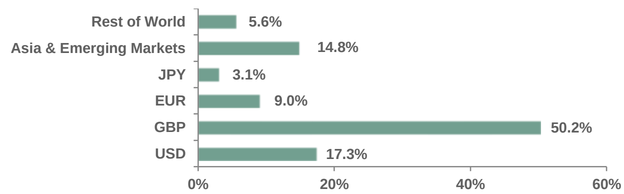

| YIELD | |
|---|---|
| Yield To Maturity | 9.3% |
| Average Weighted Maturity (in years) | 3.2 |
| Average Modified Duration (in years) | -0.5 |

## CURRENCY EXPOSURE [3]

### USD SHARE CLASS




### GBP SHARE CLASS [4]




3) Source: Underlying managers. Data point 28 February 2018
Data point for underlying fund information on a look-through basis is one month in arrears.
4) For the sterling Hedged share class a 45% hedge to sterling is applied

INVESTMENT MANAGER COMMENTARY

## MARKET COMMENTARY
## Nedgroup Investments (IOM) Ltd
## Investment Manager and Distributor

Although global economic data releases softened a little from recent highs, the overall picture has remained one of decent growth for 2018. However, various concerns saw financial markets continuing to exhibit heightened volatility and risk aversion throughout the month.

Arguably the most serious issue for investors was Trump's decision to escalate trade tensions between the US and China, which led to both countries announcing plans for tariffs being threatened on US$50bn worth of goods imported from each other. By themselves, these tariffs would not have a particularly big impact on either economy, and it is also perfectly plausible that the US and China may find an amicable negotiated settlement before they are enacted. However, the market is alert to the risk that a sometimes unpredictable Trump could escalate a trade war which would ultimately cause real damage to the global economy.

Technology also dominated headlines as various data protection breaches engulfed Facebook, which called into question online personal data security issues and highlighting the need for more stringent regulation in this area. Other technology companies were also under pressure as politicians attacked their global tax arrangements. Whilst Trump tweeted about Amazon being in his crosshairs, the EU tabled practical proposals to create a new revenue based tax aimed at extracting a fairer tax take on behalf of the countries where these multi-national technology businesses operate.

In other news, the Federal Reserve raised US interest rates by 0.25%. Whilst this change was widely expected, Powell's accompanying speech struck a slightly more hawkish tone than his predecessor, which led many economists to suggest that the Federal Reserve may raise rates a little faster than previously anticipated.

Finally, the UK and EU Brexit negotiations seemed to take a small step forward as the two sides agreed high level terms on a transition period. This was welcomed by the market as it reduced the risk of a so called "cliff-edge" departure from the EU in March 2019.

Over the month, the MSCI AC World declined -2.2% in US dollar terms. Amongst the majors, the US (-2.5%) and Japan (-2.8%) were the weakest, whilst the UK (-0.3%) and Europe ex UK (-1.5%) were more resilient. At the sector level, defensives generally held up better than cyclicals. Examples included Utilities (+3.9%) and Consumer Staples (+0.1%), which significantly outperformed Materials (-3.6%), Financials (-3.8%), Industrials (-2.5%) and Consumer Discretionary (-2.8%). Information Technology (-3.2%) was also under pressure, as the online data protection scandal embroiling Facebook caused investors to question lofty valuations across the sector. In terms of style, there was little to choose between Growth (-2.2%) and Value (-2.1%), whilst Small Caps (-0.2%) outperformed Large Caps (-2.2%).

Bonds fared well as they benefitted from their safe haven status. As is normally the case when risk aversion spikes, government bonds outperformed corporate and emerging market bonds as credit spreads on riskier bonds widened. Over the month, the JP Morgan Global Government Bond Index rose (+1.3%), whilst the Merrill Lynch Global Corporate Investment Grade Index delivered a more modest +0.2%, the Merrill Lynch Global High Yield Index declined -0.4%, and the JP Morgan Emerging Market Bond Index rose +0.4% (all returns in hedged to US dollar terms).

Commodities were mixed, with the Bloomberg Commodities Index posting a decine of -0.6% in US dollars. Crude Oil (+5.8%) was the best performing sector, as it responded to a significant fall in US inventories. Gold (+0.4%) also posted a positive return on the back of its safe haven status. Elsewhere, Agriculture (-2.8%) and Industrial Metals (-4.4%) were under pressure, largely on fears that a global trade war could negatively impact bulk commodity demand and pricing.

Considering the volatility of other markets, the major currencies were relatively quiet, with the dollar falling -0.7% versus the euro, and -0.3% against the yen. One of the most significant movers was the British pound, which rose +1.9% versus the dollar, as it benefited from the announcement of a provisional agreement on a Brexit transition period. Elsewhere, commodity related currencies were weak (the Australian dollar lost -1.5% against the dollar) and emerging market currencies were mixed (the Mexican peso rose +3.2%, whilst the Brazilian real fell -1.9% against the dollar).

(Notes: All monthly data is quoted in US dollar terms unless otherwise stated).

## PORTFOLIO COMMENTARY

The Nedgroup Investments Growth MultiFund declined -2.3% during March.

With equity markets under pressure, the most resilient of the active funds were TOBAM Anti-Benchmark World Equity (0.0%) and Morgan Stanley Global Brands (-1.7%), with both benefiting from their more defensive sector exposure. At the other end of the spectrum, Coronation Global Emerging Markets (-3.3%) and Nedgroup Global Equity (-3.8%) were held back by holdings in Information Technology, which underperformed over the month.

In other asset classes, Nedgroup Global Property Fund (+1.7%) rose with the broader REIT market as falling government bond yields helped to offset the impact of declining equity markets. UK commercial property was less helpful, with F&C Commercial Property Trust up (+0.6%), whilst Impact Healthcare (-3.4%), Target Healthcare (-4.2%) and Standard Life Property Income Trust (-2.2%) lost ground. Infrastructure was mixed but broadly positive, with 3i Infrastructure (+3.2%) and Greencoat Renewables (+0.5%) up, whilst Greencoat UK Wind (-0.5%) and John Laing Environmental Assets (-0.5%) were slightly down. Finally, the allocation to asset-backed finance was positive, as both GCP Asset Backed Income (+2.5%) and SQN Asset Finance Income Fund C-Shares (+2.7%) gained ground. During the month, SQN announced a number of developments which were taken positively; these included: (1) news of progress regarding two outstanding credit issues, (2) an intention to return GBP40m of excess capital to C-Share class holders, and (3) the commencement of buybacks of ordinary shares using available cash from realisations and any amortisation of investments. In terms of the other asset-backed lender, GCP Asset Backed Income (GABI) announced it has entered into legally binding commitments for over 90% of the proceeds of its recent C class share issue, and is close to converting the Cs into ordinaries (due in April). The funds have been committed across 14 loans, included some new sectors such as energy storage and regulated water. Overall, GABI is performing well, in line with our expectations.

In terms of portfolio activity, we reduced holdings in mainstream UK commercial property as part of our strategy to shift property exposure to the higher yielding and less economically sensitive social care home sector.

Note: All returns are quoted in US dollars.



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