

# NEDGROUP INVESTMENTS INCOME MULTIFUND - ACCUMULATING CLASS A

June 2022  
Marketing Communication



## SYNTHETIC RISK REWARD INDICATOR



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. For full details of risks, please refer to the risk section in the prospectus and KIID.

## GENERAL INFORMATION

**PERFORMANCE INDICATOR:** Cash over a minimum 3 years (USD: 3M SOFR / GBP: 3M SONIA)\*\*

**APPROPRIATE TERM:** Minimum 3 years

**MORNINGSTAR CATEGORY:** Morningstar Global Bonds

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

An Isle of Man based fund manager providing investment management services to assets in excess of USD 5bn.

**FUND LEGAL STRUCTURE:** Irish OEIC UCITS  
**DOMICILE OF FUND:** Ireland

**INCEPTION DATE:** 26 January 2012  
Class A GBP: 23 August 2012  
Class A USD: 12 April 2012

**MARKET VALUE OF FUND:** GBP 35.8m

**PRICES (as at 30 June 2022)**  
GBP CLASS A: GBP 12.1618  
USD CLASS A: USD 12.4257

**ANNUAL INVESTMENT MANAGEMENT FEE CLASS A:** 1.25% p.a.

**ON-GOING CHARGES (as at 30 June 2022)<sup>2</sup>**  
Class A: 1.94%

**MINIMUM INVESTMENT CLASS A**  
GBP 1,000 / USD 1,500

**DEALING:** Daily

**NOTICE PERIODS**  
Subscriptions: T-1 4pm  
Redemptions: T-1 4pm

**SETTLEMENT PERIODS**  
Subscriptions: T+2  
Redemptions: T+3

**DISTRIBUTION YIELD OF DISTRIBUTING CLASS:**  
Class A Dist: 3.51%  
Based on last four quarterly distributions as a percentage of current share price. Last dividend 31 December 2021

**ISIN / SEDOL**  
Class A Acc GBP: IE00B5LK1C25 / B5LK1C2 / NIMIGAA ID Equity  
Class A Acc USD: IE00B4Q8PM21 / B4Q8PM2 / NIMUAAA ID Equity

## MINIMUM DISCLOSURE DOCUMENT

Please note: Differences may exist due to rounding

## FUND OBJECTIVE

The Income MultiFund aims to provide a low risk, low volatility investment option over the medium to longer-term.

The Sub-Fund is actively managed and is not managed in reference to any benchmark. It is managed by reference to a performance target which is to outperform USD 3M SOFR over a minimum three years.

## SUITABILITY & RISK AND REWARD

The Income MultiFund is suitable for clients with an investment time horizon of a minimum 3 years. Investing in the fund involves a risk to capital in order to achieve the desired return.

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.

Portfolio construction combines exposures to active fund managers, who are expected to outperform their defined benchmarks and passive investment vehicles which provide low cost access to markets. This blend of active and passive funds is used to create a competitively priced investment solution.

## FUND PERFORMANCE<sup>1</sup>

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



Class A GBP monthly returns and cumulative growth of £1,000

## CUMULATIVE AND ANNUALISED PERFORMANCE, % CHANGE NET OF FEES<sup>1</sup>

SINCE FUND INCEPTION (19 August 2011)	FUND GBP	GBP PEER GROUP	GBP Cash	FUND USD	USD PEER GROUP	USD Cash
	%	%	%	%	%	%
3 Months	-3.8%	-4.4%	0.3%	-3.7%	-4.3%	0.4%
6 Months	-6.1%	-8.4%	0.5%	-6.1%	-8.3%	0.5%
1 Year	-5.0%	-8.9%	0.5%	-5.0%	-8.8%	0.5%
YTD	-6.1%	-8.4%	0.5%	-6.1%	-8.3%	0.5%
3 Years (ann.)	-1.4%	-1.7%	0.3%	-0.8%	-1.1%	0.7%
5 Years (ann.)	-0.2%	-0.4%	0.4%	0.8%	0.6%	1.2%
10 Years (ann.)	1.5%	0.9%	0.4%	1.9%	1.3%	0.8%
Since inception (ann.)	1.6%	1.0%	0.4%	1.8%	1.3%	0.7%

## DISCRETE YEAR PERFORMANCE, % CHANGE NET OF FEES<sup>1</sup>

PERIOD	FUND GBP	GBP PEER GROUP	GBP Cash	FUND USD	USD PEER GROUP	USD Cash
	%	%	%	%	%	%
2021	2.0%	-2.0%	0.0%	2.1%	-1.3%	0.0%
2020	-1.1%	4.8%	0.2%	0.1%	5.0%	0.5%
2019	6.2%	5.4%	0.7%	7.8%	7.0%	2.2%
2018	-1.8%	-1.9%	0.6%	-0.5%	0.2%	2.2%
2017	2.2%	1.6%	0.2%	3.1%	3.5%	1.2%

Class A performance net of fees as of 30 June 2022. <sup>1</sup> Since inception annualised.

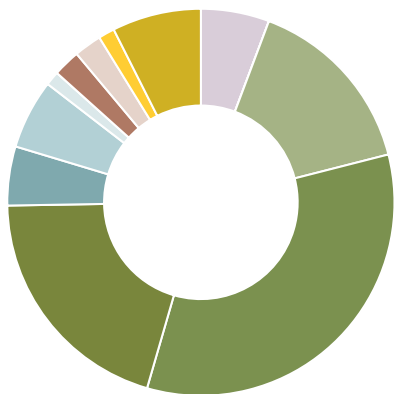
GBP Peer Group is Morningstar Global Bonds – GBP Hedged. USD Peer Group is Morningstar Global Bonds – USD Hedged. Both are net of fees. For full detail on fees and charges, please see Prospectus and Supplement.

\*\*Cash performance indicators calculated using USD and GBP LIBID 3 month figures to 31st January 2022. From 1st February transitioned to using 3mo SOFR for USD and 3mo SONIA for GBP.

<sup>1</sup> 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.

<sup>2</sup> 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.

ASSET ALLOCATION



Asset Class	Percentage	Sub-Category	Percentage
Equity	5.7%	UK Equity	5.7%
Real Assets	11.9%	Property	4.9%
		Renewables	5.8%
		Infrastructure	1.2%
Fixed Income	69.0%	High Yield	15.3%
		Investment Grade Corporates	33.5%
		Government Bonds	20.2%
Alternative Strategies	5.9%	Asset Backed Lending	2.3%
		Music Royalties	2.3%
		Energy Efficiency & Storage	1.4%
Cash	7.4%	Cash	7.4%

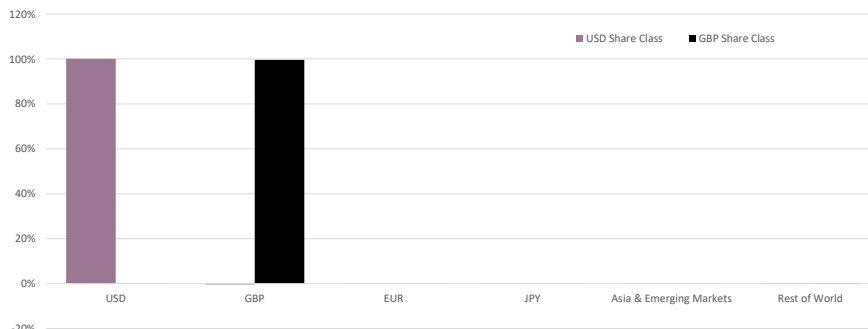
FULL PORTFOLIO HOLDINGS

Category	Percentage
<b>EQUITY</b>	<b>5.7%</b>
iShares FTSE UK Dividend Plus	5.7%
<b>FIXED INCOME</b>	<b>69.0%</b>
Vanguard US Government Bond Index Fund	18.2%
Wellington Global Credit Plus	13.6%
PIMCO Global IG Credit	10.8%
Muzinich Short Duration High Yield	7.7%
AXA US Short Duration High Yield	7.6%
PIMCO Low Duration Global IG Credit	6.6%
Lord Abbett Short Duration Income Fund	2.4%
iShares \$ Treasury Bond 1-3YR UCITS ETF	2.0%
<b>REAL ASSETS</b>	<b>11.9%</b>
BMO Commercial Property Trust	2.3%
Target Healthcare REIT	2.0%
Greencoat UK Wind	1.6%
John Laing Environmental Assets Group	1.6%
The Renewables Infrastructure Group	1.4%
3i Infrastructure Plc	1.2%
Greencoat Renewables	1.2%
Impact Healthcare REIT	0.6%
<b>ALTERNATIVE STRATEGIES</b>	<b>5.9%</b>
GCP Asset Backed Income Fund	1.9%
Hipgnosis Songs Ordinary Shares	1.5%
Gore Street Energy Storage Fund	0.8%
Round Hill Music Royalty Fund	0.8%
SDCL Energy Efficiency Income Trust	0.4%
KKV Secured Loan C	0.3%
Gresham House Energy Storage Fund	0.1%
<b>CASH</b>	<b>7.4%</b>
<b>TOTAL</b>	<b>100.0%</b>

FIXED INCOME - CREDIT QUALITY<sup>1</sup>

AAA	42.5%
AA	6.2%
A	11.0%
BBB	17.6%
< BBB	22.7%
<b>TOTAL</b>	<b>100.0%</b>
<b>Yield To Maturity</b>	<b>3.84%</b>
<b>Average Weighted Maturity (in year)</b>	<b>5.76</b>
<b>Average Modified Duration (in years)</b>	<b>4.40</b>

CURRENCY



KEY RISKS

- The Fund could lose money if a counterparty with which the Fund trades becomes unwilling or unable to meet its obligations, or as a result of failure or delay in operational processes or the failure of a third party provider.
- Shares can lose value rapidly, and typically involve higher risks than bonds or money market instruments. The value of your investment may fall as a result.
- The Fund invests in other funds (including exchange traded funds and investment trusts/companies), which may introduce more risky assets, derivative usage and other risks, as well as contributing to a higher level of ongoing charges.
- The Fund may use derivatives with the aim of reducing risk or managing the portfolio more efficiently. However this introduces other risks, in particular, that a derivative counterparty may not meet its contractual obligations.
- If the Fund holds assets in currencies other than the base currency of the Fund or you invest in a share class of a different currency to the Fund (unless 'hedged'), the value of your investment may be impacted by changes in exchange rates.
- Securities within the Fund could become hard to value or to sell at a desired time and price, especially in extreme market conditions when asset prices may be falling, increasing the risk of investment losses.
- The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested.
- Tax assumptions and reliefs depend upon an investor's particular circumstances and may be subject to change.

<sup>1</sup> Based on Fixed Income component look through

June 2022

## MARKET COMMENTARY

Markets took their cue from the start of the year in Q2 to repeat much of the weakness seen in the early months. Many of the concerns that pervaded investor sentiment in Q1 only persisted or worsened, making for particularly challenging conditions: high inflation (at levels not seen in western economies for a generation) and tight labour markets coming up against rising interest rates and stalling economic growth.

The big economic story has been inflation. At already elevated levels, any hopes of more transitory pressures were quashed as high energy costs, rising wages and broader input prices took hold. Existing supply side shocks were further compounded by localised China lockdowns (thanks to a zero COVID approach and questionable vaccination program) and of course the ongoing conflict between Russia and Ukraine has resulted in a continuous fanning of the inflationary flame.

Inflation at current levels has not been seen in most developed economies for a generation and the wall of worry (outside of the immediate hike in living costs) for markets has focused on central bank response. It would be fair to say that this has dominated thinking. Not will rates climb, but how high and how fast? And it has to be noted that a sensitive touch of the controls is required. Too aggressive and you run the risk of smothering growth and forcing a recession. Too little and inflation could become entrenched and central banks lose credibility. Forget a 'goldilocks' economy, central banks have become 'Goldilocks' looking to get their response just right. Not too much and not too little.

This has been the story of the quarter with markets oscillating between optimism that central banks have inflation under control, to concern that a recession is looming. So to start with the bad news: it has been a very challenging quarter for risk assets. Equity markets sold off with the US leading the way, falling 16.9% on the quarter (the worst quarter since the global financial crisis), building on the losses seen in Q1 to end the half year down 21.3%. The biggest H1 decline for 60 years.

Market weakness was reflected globally with Europe (ex UK) down 8.7% in Q2 (much of it in the last month) and emerging markets down 8.1%. Only the UK stood out, with a more moderate loss of 2.9%, reflecting the more 'value based' constituents of the main index. With this in mind it was the 'growth' heavy segments of the markets that fared worst with the likes of Information Technology down 21.6% on the quarter, Communication Services off 18.1% and Consumer Discretionary down 20.2%. Contrast this with Consumer Staples, down 6% and Utilities 6.6%, and the picture is set for the direction of investor thinking over the quarter. In fact this is summed up perfectly by the performance of 'Growth Stocks' as a style during the first half of the year, down 27.8%, with 'Value Stocks' down 12% over the same period. A huge variation in performance.

Losses were not confined to traditional 'risk' assets with notable swings in fixed income markets as investors grappled with a changing landscape of base-rate expectations. Without exception fixed income markets suffered, with default sensitive areas such as high yield and emerging markets seeing the worst of it (down 10% and 10.5% respectively) as well as longer dated securities that are more sensitive to base-rate rises such as index-linked bonds (down 17.5% for UK Index Linked). There really hasn't been much of a traditional 'flight to safety' with only the US Dollar seeing real strength over the quarter (against every major currency) along with a handful of selective areas that can offer a degree of inflation protection or have unique exposure to the current environment (energy for example).

If you're interested, Bitcoin was down a staggering 59% over the quarter.

But it hasn't all been bad news. Challenging? Yes, but there are signs that inflation may be coming under control. Growth has dipped and investor sentiment has deteriorated but this could turn sharply if we see more evidence of inflationary control which in turn could impact base-rate expectations. Elevated inflation when inflation is still rising does nothing for sentiment, but elevated inflation when inflation is falling is very different. In other words we do not need to see inflation back at around 2.5% for things to feel very different. And so much negativity is now priced in to markets.

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## PORTFOLIO COMMENTARY

The end of June saw the Income MultiFund fall -2.5% on the month, closing a challenging quarter in which the fund fell -3.6% for the GBP share class. This follows the marginal weakness seen in the first quarter of the year, bringing the first half performance to -5.7%. The USD share class has fared similarly (-2.5%, -3.5% and -5.7% for the month, quarter and first half respectively). Whilst the longer term cash (+) targets have been missed the performance relative to peer group has continued to be strong with the GBP share class ahead by +2.6% on the year to date (and ahead by +0.9% on the quarter).

Fixed income has proven challenging in 2022 albeit that our positioning on a relative basis has been beneficial. Exposure to interest rates (through longer duration) and lower grade credit (default potential) has been punished in the market as higher rates have been priced in. Our short dated bond position has been correct over the first half of the year although has been penalised more recently with AXA US Short Duration High Yield (-6.4% on the quarter). We have been selling down positions on the portfolio in favour of longer duration and higher credit quality. Our sense being that much of the interest rate increases have been priced in, but default rates still look vulnerable. We have therefore rotated to Vanguard US Government Bond & PIMCO Global Investment Grade Credit as a means of repositioning for the next leg of the fixed income cycle.

Elsewhere, performance within real assets and alternative strategies was diverse across our holdings but broadly positive (both absolute and relative in some cases). Within property, the direct positions softened slightly following a period of very strong performance with BMO Commercial Property falling -2.5% on the quarter. Within infrastructure, our exposure to renewable energy continued to perform well, further benefiting from the current high level of electricity prices and inflation. Greencoat Renewables (+8.0% on the quarter) and JLEN Environmental Assets Group rallied (+9.8%) worthy of particular note. The more traditional infrastructure holdings, 3i Infrastructure (-3.8% on the quarter) and Atlas Global Infrastructure (-7.9%), were more mixed during the period, but together easily outperformed global equity markets, as investors favoured real assets and the potential for a greater linkage to inflation. Within our alternative positions it is also worth highlighting the divergence in performance of our private equity holdings, Oakley Capital Investments (-0.1% in June) and Princess Private Equity (+6.3%). It has been a similar story for the two holdings in song royalties, Hipgnosis Songs Fund (-8.0% on the quarter) and Round Hill Music Royalty Fund (+5.4%) albeit that a very recent ruling regarding royalty rights has gone in favour of royalty owners, which should see a positive uplift to valuations over the coming months.

# NEDGROUP INVESTMENTS MULTIFUNDS PLC

## INCOME MULTIFUND



### **Nedbank Private Wealth**

Nedbank Private Wealth is an Authorised Financial Services Provider in South Africa

### **Nedbank Private Wealth Limited**

Exchange rate changes may affect the value of investments. Nedbank Private Wealth is a registered trade name of Nedbank Private Wealth Limited. The parent of Nedbank Private Wealth Limited is Nedbank Group Limited, which is incorporated in South Africa and is regulated by the South African Reserve Bank. The latest audited report and accounts, and details of the credit rating are available at [www.nedbankprivatewealth.com](http://www.nedbankprivatewealth.com). Nedbank Private Wealth Limited is licensed by the Isle of Man Financial Services Authority and is a participant in the Isle of Man Depositors' Compensation Scheme as set out in the Compensation of Depositors Regulations 2010. For full details, please see [www.iomfsa.im](http://www.iomfsa.im). Registered office: St Mary's Court 20 Hill Street Douglas Isle of Man. The Jersey branch is regulated by the Jersey Financial Services Commission and is a participant in the Jersey Banking Depositor Compensation Scheme. See [www.gov.je/dcs](http://www.gov.je/dcs) for full details of the Scheme and banking groups covered. The London branch is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registration No: 313189. Your eligible deposits with Nedbank Private Wealth Limited, London branch, are protected up to a total of £85,000 by the Financial Services Compensation Scheme, the UK's deposit guarantee scheme. Any deposits you hold above the £85,000 limit are unlikely to be covered. Please ask for further information or visit [www.fscs.org.uk](http://www.fscs.org.uk). The UAE representative office in Dubai is licensed by the Central Bank of UAE. Licence No: 13/191/2013. Representation in South Africa is through Nedbank Limited. Registered in South Africa with Registration No 1951/000009/06, an authorised financial services and registered credit provider (NCRCP16)

### **Nedgroup Investments MultiFunds Plc – (the Fund) - disclaimer**

This is a marketing communication. Please refer to the prospectus, the key investor information documents (the **KIID**s) and the financial statements of Nedgroup Investments MultiFunds 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](http://www.nedgroupinvestments.com).

This document is of a general nature and intended for information purposes only, it is not intended for distribution to any person or entity who is a citizen or resident of any country or other jurisdiction where such distribution, publication or use would be contrary to law or regulation. Whilst the Investment Manager has taken all reasonable steps to ensure that this document is accurate and current at the time of publication, we shall accept no responsibility or liability for any inaccuracies, errors or omissions relating to the information and topics covered in this document. A decision may be made to terminate the arrangement made for the marketing of the Fund in accordance with Art93a of Directive 2009/65/EC and Art 32a of Directive 2011/61/EU.

### **Nedgroup Investments MultiFunds Plc (the Fund) – disclaimer (continued)**

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 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. The Sub-Funds invest in portfolios of other collective investment schemes that levy their own charges, which could result in a higher fee structure. 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](http://www.nedgroupinvestments.com).

**Distribution** : The prospectus, the supplements, the KIIDs, the articles of association, 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.

**U.K:** Nedgroup Investment Advisors (UK) Limited (reg no 2627187) authorised and regulated by the Financial Conduct Authority is the facilities agent. The Fund and certain of its sub-funds are recognised in accordance with Section 264 of the Financial Services and Markets Act 2000.

**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.

### **Nedgroup Investments International contact details**

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