NEDGROUP INVESTMENTS MULTIFUNDS PLC

INCOME MULTIFUND - ACCUMULATING CLASS

NEDBANK PRIVATE WEALTH SINCE 1834

September 2019

RISK REWARD PROFILE

Lower risk — Higher risk

1	2	**3**	4	5	6	7

Typically lower rewards — Typically higher rewards

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.

GENERAL INFORMATION

BENCHMARK: 3 month LIBID over 3 to 5 years

APPROPRIATE TERM: Minimum 3 to 5 years

PEER GROUP: Morningstar Global Bonds

INVESTMENT MANAGER: Nedgroup Investments (IOM) Limited

An Isle of Man based fund manager providing investment management services to assets in excess of $3.8bn. Licensed by the Isle of Man Financial Services Authority.

FUND LEGAL STRUCTURE: Irish OEIC UCITS 4

INCEPTION DATE: 26 January 2012

MARKET VALUE: £44.8m

PRICES (as at 30 September 2019)

GBP CLASS A: £12.4382

USD CLASS A: $12.5097

MANAGEMENT FEE CLASS A: 1.25% p.a.

ON-GOING CHARGES (as at 30 September 2019)[2]

Class A: 2%

MINIMUM INVESTMENT CLASS A

£1,000 / $1,500

DEALING

Daily

NOTICE PERIODS

Subscriptions: Noon T-1

Redemptions: Noon T-1

SETTLEMENT PERIODS

Subscriptions: T+2

Redemptions: T+3

DISTRIBUTION YIELD OF DISTRIBUTING CLASS

GBP Class A Dist: 4.38%

Based on last four quarterly distributions as a percentage of current share price. Last dividend 30 September 2019

ISIN / SEDOL

CLASS A Acc GBP: IE00B5LK1C25 / B5LK1C2

CLASS A Acc USD: IE00B4Q8PM21 / B4Q8PM2

MINIMUM DISCLOSURE DOCUMENT

Please note: Differences may exist due to rounding

FUND OBJECTIVE

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

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

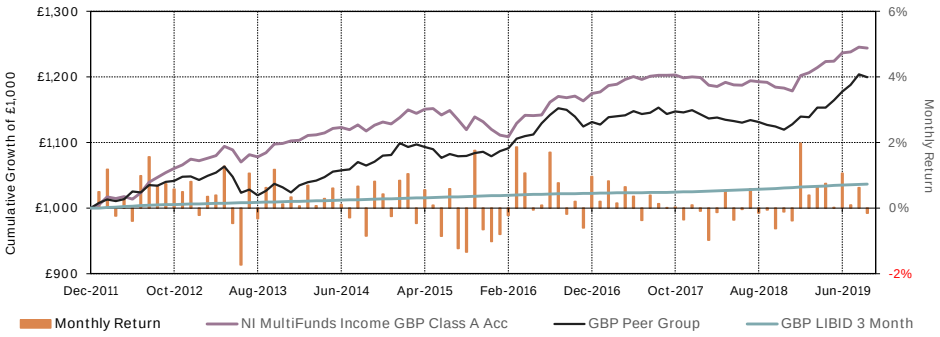
SUITABILITY & RISK AND REWARD

The Income MultiFund is suitable for clients with an investment time horizon of 3 to 5 years. Investing in the fund involves a risk to capital in order to achieve the desired return.

In order to achieve the investment objective, the portfolio is principally fixed income focused but allows for 20% allocation to other asset classes. The principal aims are income generation and capital protection and the strategy has flexibility to invest across the full spectrum of global bond markets. The accumulating share class will roll up dividend payments within the fund and does not produce a regular income payment.

Portfolio construction provides exposure to active fixed income managers, who are expected to outperform their defined benchmarks. Blending actively managed fixed income funds together in this way creates a competitively priced investment solution.

FUND PERFORMANCE [1]



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

SINCE FUND INCEPTION	FUND GBP	GBP PEER GROUP	3 Month GBP LIBID	FUND USD	USD PEER GROUP	3 Month USD LIBID
1 Month	-0.2%	-0.4%	0.1%	0.0%	-0.3%	0.2%
6 Months	2.4%	4.0%	0.3%	3.2%	4.2%	1.1%
1 Year	4.4%	6.4%	0.7%	6.0%	7.7%	2.4%
3 Years Ann	2.1%	1.4%	0.5%	3.3%	3.0%	1.8%
5 Years Ann	2.2%	2.4%	0.5%	2.8%	2.5%	1.2%
YTD	5.5%	6.3%	0.5%	6.8%	7.0%	1.7%
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%
2016	4.9%	4.8%	0.4%	5.0%	2.2%	0.6%
2015	-0.7%	-0.2%	0.5%	-1.2%	-0.2%	0.2%
2014	2.4%	5.6%	0.4%	1.8%	3.6%	0.1%
Lowest 1 yr return	-3.6%			-4.0%		
Highest 1yr return	7.5%			7.3%		
Since inception *	2.9%	2.3%	0.5%	3.0%	2.5%	0.9%

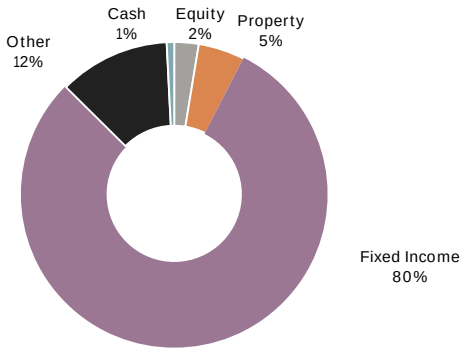
Class A performance net of fees. * Since inception annualised.

GBP Peer Group is Morningstar Global Bonds – GBP Hedged. USD Peer Group is Morningstar Global Bonds – USD Hedged.

RISK MEASURE

SINCE FUND INCEPTION	FUND GBP	FUND USD
Annualised volatility	2.4%	2.5%
Sharpe ratio (annualised)	0.98	0.88
Lowest monthly return	-1.7%	-1.8%
Maximum drawdown	-3.7%	-4.1%
Months to recover	5	5

ASSET ALLOCATION



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 Nedgro up 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.

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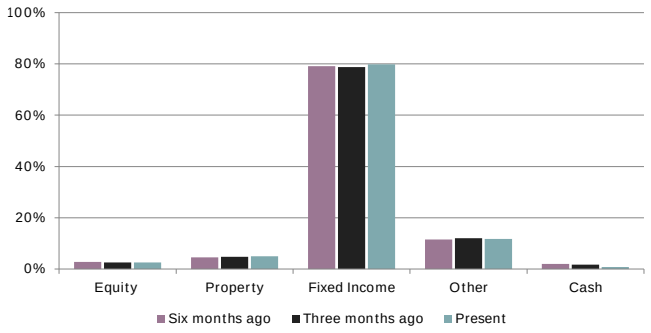
September 2019

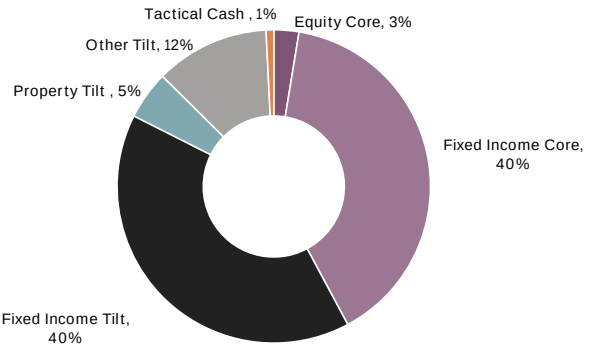
TOTAL PORTFOLIO ANALYSIS

FULL PORTFOLIO HOLDINGS

Equity		2.6%
iShares UK Dividend UCITS ETF	Core	2.6%
Property		5.0%
Target Healthcare REIT	Tilt	2.0%
BMO Commercial Property Trust	Tilt	2.0%
Impact Healthcare REIT	Tilt	1.0%
Fixed Income		79.8%
Vanguard US Government Bond Index Fund	Core	19.0%
Muzinich Short Duration High Yield	Tilt	15.1%
AXA US Short Duration High Yield	Tilt	13.6%
PIMCO Global IG Credit	Core	10.5%
Wellington Global Credit Plus	Core	10.1%
Franklin Templeton Global Total Return	Tilt	7.5%
iShares $ Treasury Bond 1-3YR UCITS ETF	Tilt	4.0%
Alternative		11.8%
John Laing Environmental Assets Group	Tilt	2.5%
Greencoat UK Wind	Tilt	2.0%
SQN Asset Finance Income Fund C Shares	Tilt	2.0%
GCP Asset Backed Income Fund	Tilt	1.8%
Greencoat Renewables	Tilt	1.5%
The Renewables Infrastructure Group	Tilt	1.1%
3i Infrastructure Plc	Tilt	1.0%
Cash		0.8%
Cash	Tilt/Tactical	0.8%
Total		100.0%

CHANGES IN ASSET ALLOCATION BY STRATEGY





FIXED INCOME COMPONENT [3]

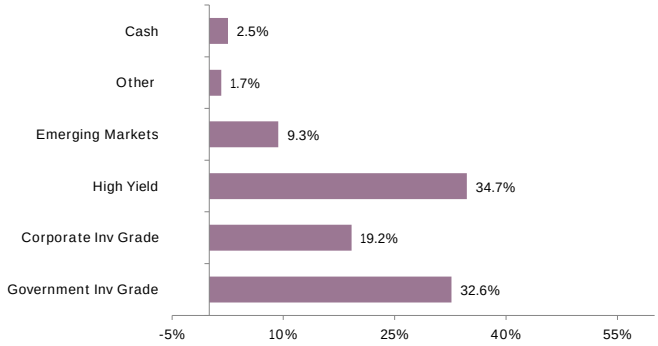
CREDIT RATING	
AAA	35.9%
AA	2.2%
A	9.9%
BBB	14.3%
< BBB	37.7%
TOTAL	100.0%

MATURITY	
< 3 year	41.8%
3-5 years	28.7%
5-10 years	19.1%
> 10 years	10.4%
TOTAL	100.0%

REGIONAL ALLOCATION [3]

USA	62.8%
UK	22.1%
Europe ex UK	5.6%
Emerging Markets	6.7%
Rest of the World	1.4%
Asia Pacific ex Japan	0.1%
Japan	1.3%
TOTAL	100.0%

CATEGORY ALLOCATION

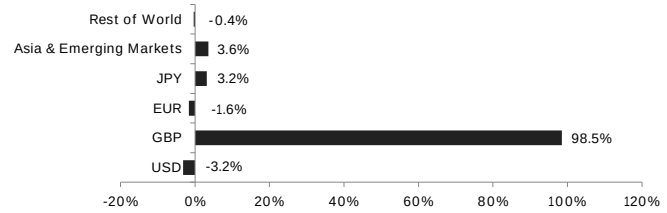


YIELD

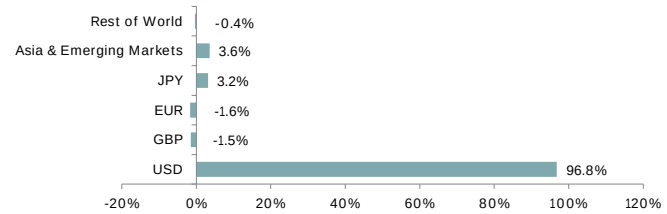
Effective Yield	3.4%
Average Weighted Maturity (in years)	5.6
Average Modified Duration (in years)	4.1

CURRENCY EXPOSURE [3]

GBP SHARE CLASS



USD SHARE CLASS



3) Source: Underlying managers. Data point 30 August 2019 (including portfolio cash)

Data point for underlying fund information on a look-through basis is one month in arrears.

NEDGROUP INVESTMENTS MULTIFUNDS PLC
INCOME MULTIFUND

MARKET COMMENTARY

September 2019

The final month of the third quarter can best be described as a partial reversal of some of the disappointments of August. At the highest level, riskier assets generally performed well, whilst safe havens underperformed. Volatility declined over the month, although not to the very low levels seen in the first half of the year.

During September, there were some signs of thawing in trade tensions between the US and China, with suggestions from both sides that progress was being made ahead of the official resumption of trade talks in early October. In keeping with a slightly better tone, Trump chose to delay the scheduled tariff increases from October 1st to October 15th. In other news, Nancy Pelosi and the Democrats successfully pressed for impeachment proceedings against Trump over his ill-advised phone requests to the Ukrainian President. Elsewhere, the UK House of Commons voted in favour of a law that supposedly takes a "no deal" Brexit off the table should the UK and EU governments fail to strike a deliverable deal ahead of the October 31st cut-off.

Economic data releases continued to point to slowing growth and an increased risk of recession in a number of non-US economies. In particular, manufacturing and trade data remains weak, with many suggesting the root cause to be the US-China trade war. In an attempt to arrest the decline, most major central banks (including the Federal Reserve, the European Central Bank and the People's Bank of China) eased monetary policies during September.

Developments in the fixed income markets reflected the partial recovery in risk assets. Government bond yields rose, whilst low quality credit beat high grade corporate bonds. Over the month, both the JP Morgan Global Government Bond Index delivered -0.8% whilst the ICE Merrill Lynch Global Corporate Investment Grade Index lost -0.6%. In contrast, riskier junk bonds managed to avoid the red, with the ICE Merrill Lynch Global High Yield Bond Index up +0.4% (all hedged to sterling).

Equities advanced by +1.1% as measured by the MSCI AC World Index in sterling terms. All major markets posted positive gains as they bounced back from their August slump. Helped by a stronger pound, the UK (+3.1%) was the best performer, whilst the US (+0.7%) and Asia ex Japan (+0.6%) brought up the rear. At the sector level, the strongest returns tended to come from cyclicals and interest rate sensitives, such as Financials (+3.7%), Energy (+3.7%) and Industrials (+1.8%). In contrast, defensive and stable earners did less well, as demonstrated by Healthcare (-1.2%), Communication Services (-0.8%) and Consumer Staples (-0.3%).

By recent standards foreign exchange markets were quiet. The pound bounced a little off its lows, some emerging market currencies also recovered lost ground and safe havens tended to decline. Examples of currencies that advanced against the pound included the Turkish lira (+2.2%) and the Mexican peso (+0.5%), whilst fallers included the Swiss franc (-1.9%), the Japanese yen (-2.7%), the euro (-1.9%) and the US dollar (-1.1%).

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

PORTFOLIO COMMENTARY

The Nedgroup Investments Income MultiFund fell by -0.1% during September.

Within fixed income, we saw a sharp fall in government bond prices and a tightening in credit spreads, the exact opposite to August. This meant our tilt towards lower quality short dated corporate bonds via AXA US Short Duration High Yield (+0.2%) and Muzinich Short Duration High Yield (+0.1%) was beneficial for returns. The rise in government bond yields, and the flight away from quality meant that the Vanguard US Government Bond Index Fund (-1.0%) and PIMCO Global Investment Grade (-0.5%) underperformed over the period. Finally, Franklin Templeton (+0.6%) outperformed the most due to its holdings in emerging market local currency bonds which rallied over the month.

In other asset classes, the rise in UK equity markets meant the small exposure to high dividend paying stocks through the iShares UK Dividend Fund (+5.4%) added value. However, portfolio exposure to UK commercial property was more mixed. BMO Commercial Property (+9.0%) jumped sharply higher suggesting (as we believed) it had fallen too much despite the continued Brexit uncertainty, whilst the more defensive UK care homes, Target

Healthcare (-2.4%) and Impact Healthcare (-0.9%) fell over the period. Infrastructure holdings were also mixed, whilst Greencoat UK Wind (+2.7%) rose strongly, John Laing Environmental Assets (+0.0%), 3i Infrastructure (-1.2%), Greencoat Renewables (-2.1%), The Renewables Infrastructure Group (-2.9%), were either flat or slightly down during September. Finally, the two asset-backed lending exposures were both positive, with SQN Asset Finance Income Fund C-Shares (+2.5%) and GCP Asset Backed Income (+0.5%) rising over the period.

In terms of changes to the portfolio, we decided to make another small reduction in credit risk. This move was to take advantage of the recent tightening in credit spreads, the low absolute level of corporate bond yields, and to recognise we are now in the latter stage of the economic cycle. Our somewhat gradualistic approach to reducing credit risk is because we are also cognisant that the ultra-accommodative monetary policy around the world may well extend the credit cycle even longer. Credit risk was cutback through a reduction in AXA US Short Duration High Yield, Muzinich Short Duration High Yield, Wellington Global Credit Plus, and PIMCO Global Investment Grade Fund. The proceeds were reinvested in the iShares US Treasury Bond 1-3 year ETF.

Over the month we did not make any material strategy changes.

Note: All returns are quoted in US dollars.

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The Depositary
Citi Depositary Services Ireland DAC
1 North Wall Quay, Dublin 1, Ireland.

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Funds are generally medium to long-term investments. The value of your investment may go down as well as up. International investments may be subject to currency fluctuations due to exchange rate movements. Past performance is not necessarily a guide to future performance. Nedgroup Investments does not guarantee the performance of your investment and even if forecasts about the expected future performance are included you will carry the investment and market risk, which includes the possibility of losing capital.

Pricing
The Sub-Funds of Nedgroup Investments MultiFunds are valued using the prices of underlying funds prevailing at 11pm Irish time the business day before the price date. Prices are published on the Nedgroup Investments website.

Fees
Fees are outlined in the relevant Sub-Fund Supplement available from the Nedgroup Investments website.

Nedbank Private Wealth
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Singapore investors should read the Appendix for Singapore Investors in conjunction with the Fund's Prospectus and Key Investor Information Document (KIID) which are available from the Investment Manager. www.nedgroupinvestments.com
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The Prospectus of the Fund, the Supplements of its Sub-Funds and the KIIDs are available from the Investment Manager and Distributor or from its website www.nedgroupinvestments.com
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