

**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.

**GENERAL INFORMATION**

**PERFORMANCE INDICATOR:** 3 month LIBID + 1% to 3% over a minimum 3 years

**APPROPRIATE TERM:** Minimum 3 years

**PEER GROUP:** 50/50 average of the Morningstar Moderate Allocation USD and Morningstar Cautious Allocation USD

**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 3.8bn. Licensed by the Isle of Man Financial Services Authority.

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

**INCEPTION DATE:** 19 August 2011

**MARKET VALUE:** USD 236.9m

PRICES (as at 28 August 2020)

USD CLASS A: USD 1.4769

USD CLASS B: USD 13.9545

GBP CLASS A: GBP 11.5837

GBP CLASS B: GBP 13.4893

MANAGEMENT FEE CLASS A: 1.40% p.a.

MANAGEMENT FEE CLASS B: 1.00% p.a.

ON-GOING CHARGES (as at 28 August 2020)<sup>2</sup>

USD Class A: 2.21% GBP Class A: 2.26%

USD Class B: 1.81% GBP Class B: 1.85%

MINIMUM INVESTMENT CLASS A

USD 1,500 / GBP 1,000

MINIMUM INVESTMENT CLASS B

USD 250,000 / GBP 150,000

**DEALING**

Daily

**NOTICE PERIODS**

Subscriptions: Noon T-1

Redemptions: Noon T-1

**SETTLEMENT PERIODS**

Subscriptions: T+2

Redemptions: T+3

**ISIN / SEDOL**

CLASS A USD: IE00B5SHBV53 / B5SHBV5

CLASS B USD: IE00B3NHHD07 / B3NHHD0

CLASS A GBP: IE00B57XK066 / B57XK06

CLASS B GBP: IE00B41F9717 / B41F971

**MINIMUM DISCLOSURE DOCUMENT**

Please note: Differences may exist due to rounding

**FUND OBJECTIVE**

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

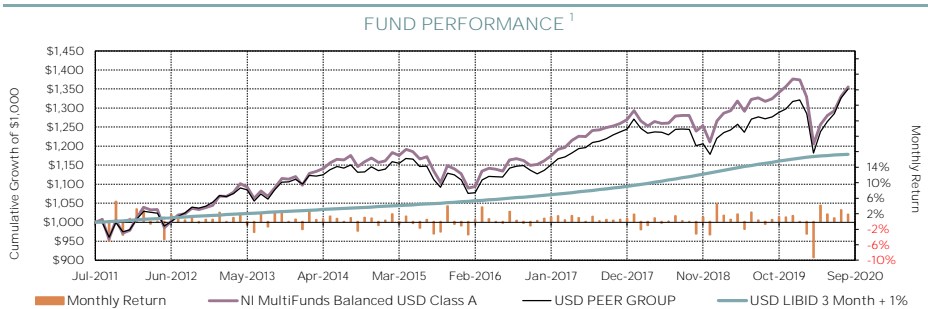
The Sub-Fund is actively managed and is not managed in reference to any benchmark. It is managed by reference to a performance target which is to outperform USD LIBID +1% to 3% over a minimum three years.

**SUITABILITY & RISK AND REWARD**

The Balanced 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.



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

SINCE FUND INCEPTION (19 August 2011)	FUND USD	USD PEER GROUP	3 Month LIBID		FUND GBP	GBP PEER GROUP	3 Month LIBID	
			USD LIBID 3 month + 1%	USD LIBID 3 month + 3%			GBP LIBID 3 month + 1%	GBP LIBID 3 month + 3%
2019	13.6%	11.8%	3.2%	5.2%	10.7%	8.9%	1.7%	3.7%
2018	-4.6%	-5.4%	3.3%	5.3%	-3.6%	-4.5%	1.6%	3.6%
2017	9.3%	9.5%	2.2%	4.2%	5.0%	5.3%	1.2%	3.2%
2016	3.0%	2.3%	1.6%	3.7%	9.0%	8.5%	1.4%	3.4%
2015	-2.5%	-2.1%	1.2%	3.2%	-0.6%	-0.2%	1.5%	3.5%

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

SINCE FUND INCEPTION (19 August 2011)	FUND USD	USD PEER GROUP	3 Month LIBID		FUND GBP	GBP PEER GROUP	3 Month LIBID	
			USD LIBID 3 month + 1%	USD LIBID 3 month + 3%			GBP LIBID 3 month + 1%	GBP LIBID 3 month + 3%
1 Month	1.9%	1.8%	0.1%	0.2%	1.3%	1.1%	0.1%	0.2%
6 Months	2.0%	5.0%	0.7%	1.7%	-0.4%	3.0%	0.6%	1.6%
1 Year	2.9%	6.2%	2.1%	4.1%	-1.7%	1.8%	1.4%	3.4%
3 Years Ann	2.9%	3.6%	2.8%	4.8%	1.3%	2.1%	1.5%	3.5%
5 Years Ann	3.6%	4.0%	2.4%	4.4%	3.7%	4.1%	1.5%	3.5%
YTD	-1.5%	2.4%	1.1%	2.4%	-2.7%	1.6%	0.8%	2.1%
Since inception *	3.4%	3.4%	1.8%	3.8%	3.4%	3.4%	1.5%	3.5%
Lowest 1yr return	-7.6%				-6.7%			
Highest 1yr return	13.6%				12.8%			

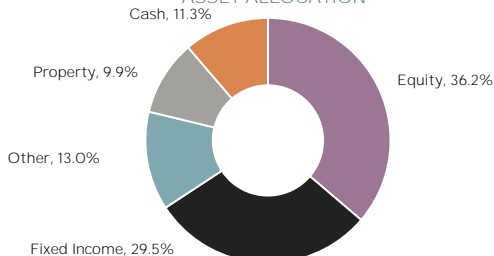
Class A performance net of fees as of 28 August 2020. \* Since inception annualised.

USD peer group is a 50/50 average of the Morningstar Moderate Allocation USD and Morningstar Cautious Allocation USD. The GBP is simulated performance based on the same competitor universe and returns are used as for the USD data, although a 65% hedge to sterling is applied net of fees, as per the fund's GBP share class. Past performance is not a guide to future returns.

**RISK MEASURE <sup>3</sup>**

SINCE FUND INCEPTION	FUND USD	FUND GBP
Annualised volatility	7.2%	6.6%
Sharpe ratio (annualised)	0.36	0.44
Lowest monthly return	-9.3%	-9.0%
Maximum drawdown	-12.4%	-11.0%
Months to recover	-	-

**ASSET ALLOCATION <sup>3</sup>**



<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.

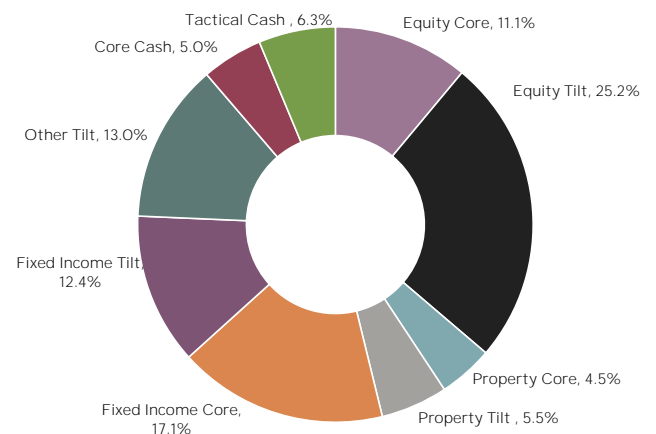
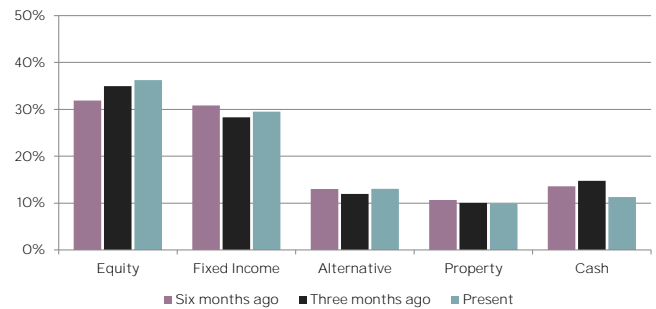
<sup>3</sup> Source: Underlying managers, Nedgroup Investments (IOM) Limited. Data point 30 June 2020

PORTFOLIO ANALYSIS

FULL PORTFOLIO HOLDINGS

Equity		36.2%
Vanguard Global Stock Index	Core	8.4%
Nedgroup Global Equity Fund	Tilt	6.8%
TT Emerging Markets Equity Fund	Tilt	5.4%
Fundsmith Equity Fund	Tilt	5.0%
Morgan Stanley Global Brands	Tilt	4.8%
Dodge & Cox Global Stock Fund	Tilt	3.1%
iShares MSCI World	Core	2.7%
Property		9.9%
Nedgroup Global Property Fund	Core	4.5%
Target Healthcare REIT	Tilt	2.4%
BMO Commercial Property Trust	Tilt	1.5%
Impact Healthcare REIT	Tilt	1.5%
Fixed Income		29.5%
Vanguard US Government Bond Index Fund	Core	11.7%
iShares \$ Treasury Bond 1-3YR UCITS ETF	Tilt	5.4%
AXA US Short Duration High Yield	Tilt	3.5%
PIMCO Global IG Credit	Core	5.4%
Muzinich Short Duration High Yield	Tilt	3.5%
Alternative		13.0%
Greencoat UK Wind	Tilt	2.1%
Greencoat Renewables	Tilt	2.1%
The Renewables Infrastructure Group	Tilt	2.0%
John Laing Environmental Assets Group	Tilt	1.6%
GCP Asset Backed Income Fund	Tilt	1.6%
3i Infrastructure Plc	Tilt	1.5%
KKV Secured Loan Fund C Shares	Tilt	1.0%
Hipgnosis C Shares	Tilt	0.7%
Hipgnosis Songs Ordinary Shares	Tilt	0.6%
Cash		11.3%
BlackRock Institutional USD Liquidity Fund / Cash	Core	5.0%
	Tilt/Tactical	6.3%
Total		100.0%

CHANGES IN ASSET ALLOCATION BY STRATEGY



EQUITY COMPONENT <sup>4</sup>

TOP TEN UNDERLYING HOLDINGS

Microsoft	3.4%
Reckitt Benckiser	2.2%
Philip Morris	2.2%
Alphabet	2.1%
Facebook	2.0%
Charter Communications	1.9%
Unilever	1.6%
Becton, Dickinson and Company	1.5%
Apple	1.5%
Visa	1.4%
Total	19.8%

COUNTRY ALLOCATION

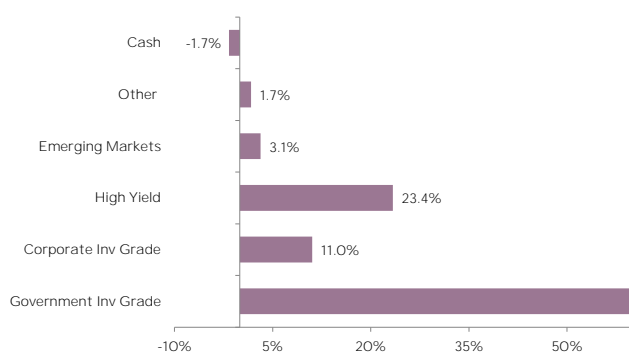
USA	53.7%
Europe ex-UK	14.6%
UK	8.0%
Emerging Markets	15.2%
Pacific ex-Japan	2.6%
Japan	2.6%
Canada	1.9%
Cash	1.4%
Total	100.0%

SECTOR ALLOCATION

Information Technology	19.5%
Health Care	17.9%
Consumer Staples	13.9%
Industrials	10.3%
Consumer Discretionary	9.8%
Financials	9.7%
Communication Services	9.3%
Materials	3.1%
Real Estate	2.0%
Energy	1.8%
Utilities	1.3%
Cash	1.4%
Total	100.0%

FIXED INCOME COMPONENT <sup>4</sup>

CATEGORY ALLOCATION

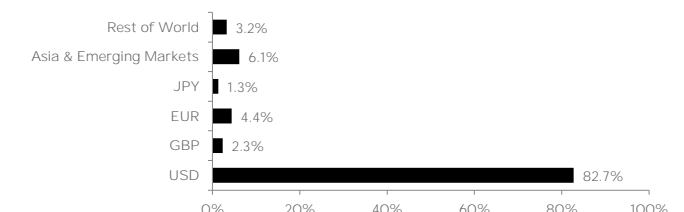


YIELD

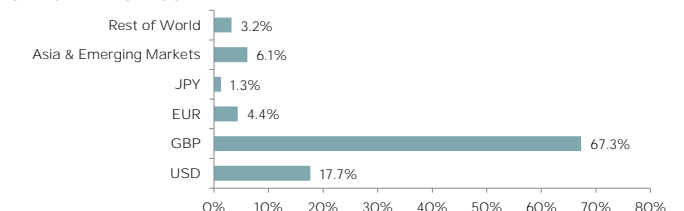
Yield To Maturity	1.8%
Average Weighted Maturity (in years)	6.2
Average Modified Duration (in years)	5.0

CURRENCY EXPOSURE <sup>4</sup>

USD SHARE CLASS



GBP SHARE CLASS <sup>5</sup>



4) Source: Underlying managers, Nedgroup Investments (IOM) Limited. Data point 31 July 2020  
Data point for underlying fund information on a look-through basis is one month in arrears.

5) For the sterling Hedged share class a 65% hedge to sterling is applied

August 2020

## MARKET COMMENTARY

Although August can sometimes be a troublesome month for financial markets, this year broke from that pattern as risk assets continued their recovery from their March lows. Whilst equities and commodities rose strongly, safe haven assets gave up some of their gains made earlier in the year. This was also true within asset classes, with the riskier areas providing the best returns, whilst more defensive areas trailed.

Arguably the most important event of the month was a speech made by Federal Reserve Chairman Jerome Powell when he indicated clearly that the US central bank would look to take a more relaxed view on inflation moving forward. The statement implied that interest rates would remain lower for longer as part of The Federal Reserve's plans to "reflate" the US economy.

Whilst Covid-19 cases continued to rise world-wide, markets took some encouragement from reports of new and better treatments, progress on vaccines and an apparent reduction in death rates. However, as the month drew to a close it became clear that infection rates were rising precipitously in a few European countries (France, Spain etc.), which led to the reintroduction of some travel quarantines and local restrictions.

Most equity markets rose, and with the addition of currency gains, the MSCI AC World Index advanced by +6.1% in US dollar terms. Japan (+7.6%) and the US (+7.5%) were the strongest performers, whilst Emerging Markets (+2.2%) and the UK (+3.5%) lagged. At the sector level, cyclicals tended to outperform defensives, with the standout gains seen in Consumer Discretionary (+12.2%), Information Technology (+9.2%) and Industrials (+8.3%), whilst Utilities was the weakest area, losing -1.7%. From a style perspective, investors continued to back Growth (+7.9%) more strongly than Value (+4.2%), whilst Larger Companies (+6.1%) slightly outpaced Smaller Companies (+5.6%).

In a break from the recent past, the reflation trade saw bond yields generally on the rise with yield curves steepening. As a result, longer duration higher quality bonds performed poorly, with the JP Morgan Global Government Bond Index delivering a loss of -1.1%. Although credit spreads narrowed a little, higher quality corporate bonds took their lead from broader interest rates, and the ICE Merrill Lynch Global Corporate Investment Grade also lost -0.8%. In contrast, lower quality corporate bonds fared better, with the Merrill Lynch Global High Yield gaining +1.3% (all hedged to US dollars).

The reflation trade also provided a boost to the more economically sensitive commodities. Overall, the Bloomberg Commodities Index rose +6.8%, boosted by sharp increases in Agriculture (+5.5%), Industrial Metals (+6.9%) and Crude Oil (+5.1%). Amongst the main commodity sectors, only safe haven gold (-0.4%) lost ground as investor risk aversion waned through August.

The biggest story in the currency markets was the weakness of the US dollar, which reacted in part to Fed Chair Powell's comments about the Federal Reserve being more tolerant of inflation moving forward. With investors also feeling a little more adventurous, the demand for the dollar as a safe haven also faded. Over the month, the dollar lost -2.1% versus the pound, -1.3% against the euro and -2.2% relative to the Chinese yuan.

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

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## PORTFOLIO COMMENTARY

The Nedgroup Investments Balanced MultiFund rose in value by +1.9% during August.

Within equities, there was no clear winner with Nedgroup Global Equity (+7.1%), Dodge & Cox Global Stocks (+6.3%) and Fundsmith Equity Fund (+6.0%) all producing solid returns for the month. At the other end of the spectrum, TT Emerging Markets Equity (+4.2%) and Morgan Stanley Global Brands (+3.8%) lagged global markets as their respective positions in emerging market stocks and consumer staples acted as a drag on performance.

Within fixed income, the rise in government bond yields and the continued rally in risk assets meant higher quality bonds underperformed sub-investment grade credit in August. Reflecting these market moves our two short-dated high yield positions - Muzinich Short Duration High Yield (+0.6%) and AXA US Short Duration High Yield (+0.5%) - were the best performing fixed income funds over the month. Whilst, the rise in bond yields meant PIMCO Global Investment Grade (-0.3%) and Vanguard US Government Bond Index Fund (-1.4%) both produced negative returns over the period.

In other asset classes, Nedgroup Global Property (+1.5%) lagged the broader market, with higher government bond yields acting as a headwind for REITs in general. Portfolio exposure to UK property was overall more positive with our more traditional commercial property holding, BMO Commercial Property (+17.9%), jumping higher after it announced the reinstatement of its monthly dividend (albeit 50% of the level prior to COVID-19) as a result of encouraging rental collection. Whilst the care home sector holdings via Impact Healthcare (+0.2%) and Target Healthcare (-0.9%) were largely unchanged on limited news flow over the month.

Our infrastructure holdings with the exception of Greencoat UK Wind (-0.8%) were all positive. The Renewables Infrastructure Group (+4.2%), Greencoat Renewables (+1.2%), 3i Infrastructure (+0.9%) and John Laing Environmental Assets (+0.8%), all generated good returns for the month. The two asset-backed lending exposures, GCP Asset Backed Income (+3.0%) and KKV Secured Loan Fund C-Shares (-18.5%) diverged over the period. KKV's board surprised the market by announcing that the portfolio would be subject to further write-downs. Whilst the Ordinary shares are more impacted by the write-downs than the C-Shares, they were still negatively impacted by the news. With the C-Shares trading at a substantial discount, we continue to believe an orderly wind down, where assets are realised at or close to NAV, gives investors a much more attractive exit option than selling in the secondary market at a heavy discount to fair value. Finally, our investment in songs, via Hipgnosis Songs Fund (+3.0%) had yet another positive month after announcing they had purchased a number of popular song catalogues from the proceeds of their recent capital raise.

In terms of portfolio activity, we did not make any material strategy changes over the month.

Note: All returns are quoted in US dollars.

# NEDGROUP INVESTMENTS MULTIFUNDS PLC

## BALANCED MULTIFUND



### Investment Manager and Distributor

Nedgroup Investments (IOM) Limited (reg no 57917C) the Investment Manager and Distributor of the Fund, is licensed by the Isle of Man Financial Services Authority.

Nedgroup Investment Advisors (UK) Limited (reg no 2627187) is authorised and regulated by the Financial Conduct Authority.

### The Depository

Citi Depository Services Ireland DAC  
1 North Wall Quay, Dublin 1, Ireland.

### Performance

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 and not getting back the value of the original investment.

### 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

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)

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The Fund and certain of its Sub-Funds are recognised in accordance with Section 264 of the Financial Services and Markets Act 2000. UK investors should read the Appendix for UK Investors in conjunction with the Fund's Prospectus which are available from the Investment Manager or facilities agent. [www.nedgroupinvestments.com](http://www.nedgroupinvestments.com) 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](http://www.nedgroupinvestments.com) The Fund has been recognised under paragraph 1 of Schedule 4 to the Collective Investment Schemes Act 2008 of the Isle of Man. Isle of Man investors are not protected by statutory compensation arrangements in respect of the Fund.

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](http://www.nedgroupinvestments.com) The value of shares can fall as well as rise. Investors may not get back the value of their original investment.

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Changes in exchange rates may have an adverse effect on the value price or income of the product

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