

**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 over a minimum 3 years

**APPROPRIATE TERM:** Minimum 3 years

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

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

**INCEPTION DATE:** 26 January 2012

**MARKET VALUE:** GBP 45.5m

**PRICES (as at 28 August 2020)**

GBP CLASS A: GBP 12.2311

USD CLASS A: USD 12.4801

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

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

Class A: 1.94%

**MINIMUM INVESTMENT CLASS A**

GBP 1,000 / USD 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: 3.29%

Based on last four quarterly distributions as a percentage of current share price. Last dividend 30 June 2020

**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.

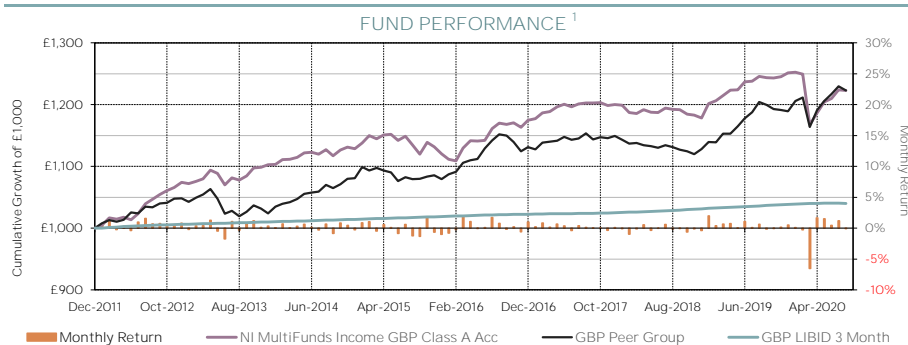
The Sub-Fund is actively managed and is not managed in reference to any benchmark. It is managed by reference to a performance target which is to outperform USD 3 month LIBID over a minimum three years.

**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.

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.



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

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

SINCE FUND INCEPTION	FUND GBP	GBP PEER GROUP	3 Month GBP LIBID	FUND USD	USD PEER GROUP	3 Month USD LIBID
2019	6.2%	5.8%	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%
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%

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

SINCE FUND INCEPTION	FUND GBP	GBP PEER GROUP	3 Month GBP LIBID	FUND USD	USD PEER GROUP	3 Month USD LIBID
1 Month	-0.1%	-0.5%	0.0%	-0.1%	-0.2%	0.0%
6 Months	-2.1%	1.0%	0.1%	-1.1%	1.4%	0.2%
1 Year	-1.8%	1.6%	0.4%	-0.3%	3.1%	1.1%
3 Years Ann	0.6%	2.0%	0.5%	2.1%	3.6%	1.8%
5 Years Ann	1.5%	2.5%	0.4%	2.5%	3.2%	1.3%
YTD	-2.3%	2.8%	0.2%	-1.2%	3.3%	0.4%
Since inception *	2.4%	2.3%	0.5%	2.7%	2.6%	0.9%
Lowest 1 yr return	-3.9%			-4.0%		
Highest 1yr return	7.5%			7.8%		

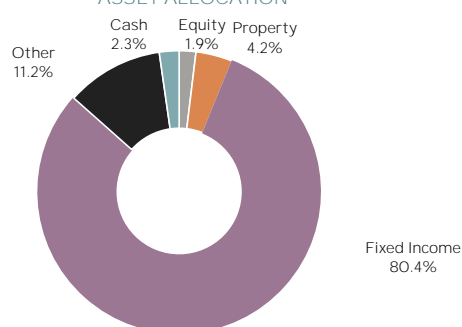
Class A performance net of fees as of 28 August 2020. \* Since inception annualised.

GBP Peer Group is Morningstar Global Bonds – GBP Hedged. USD Peer Group is Morningstar Global Bonds – USD Hedged. Both are net of fees. Past performance is not a guide to future returns.

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

SINCE FUND INCEPTION	FUND GBP	FUND USD
Annualised volatility	3.4%	3.2%
Sharpe ratio (annualised)	0.56	0.56
Lowest monthly return	-6.5%	-5.8%
Maximum drawdown	-6.8%	-5.9%
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. Performances 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 31 July 2020

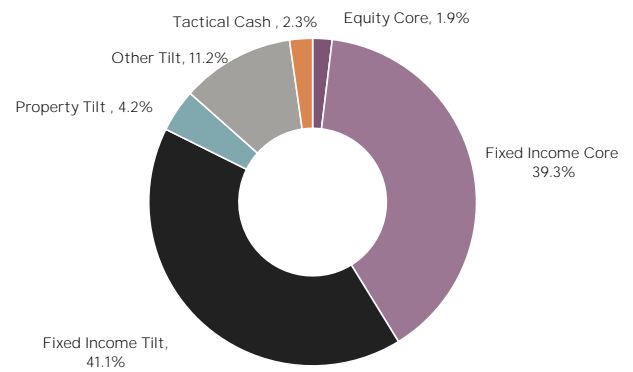
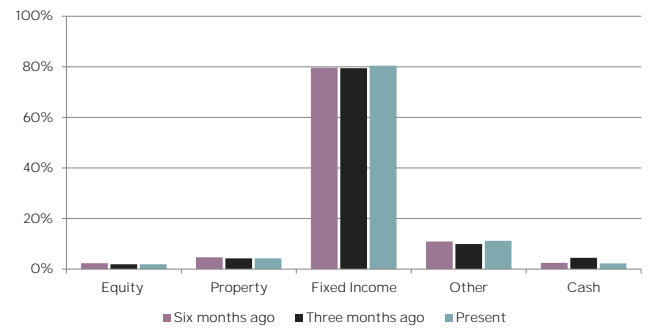
August 2020

PORTFOLIO ANALYSIS

FULL PORTFOLIO HOLDINGS

Equity		1.9%
iShares UK Dividend UCITS ETF	Core	1.9%
Property		4.2%
Target Healthcare REIT	Tilt	1.9%
BMO Commercial Property Trust	Tilt	1.5%
Impact Healthcare REIT	Tilt	0.9%
Fixed Income		80.4%
Vanguard US Government Bond Index Fund	Core	18.9%
iShares \$ Treasury Bond 1-3YR UCITS ETF	Tilt	15.2%
Muzinich Short Duration High Yield	Tilt	14.1%
AXA US Short Duration High Yield	Tilt	11.8%
Wellington Global Credit Plus	Core	10.6%
PIMCO Global IG Credit	Core	9.8%
Alternative		11.2%
Greencoat Renewables	Tilt	1.6%
The Renewables Infrastructure Group	Tilt	1.6%
Greencoat UK Wind	Tilt	1.6%
John Laing Environmental Assets Group	Tilt	1.5%
GCP Asset Backed Income Fund	Tilt	1.5%
3i Infrastructure Plc	Tilt	1.0%
KKV Secured Loan Fund C Shares	Tilt	1.0%
Hipgnosis C Shares	Tilt	0.7%
Hipgnosis Songs Ordinary Shares	Tilt	0.6%
Cash		2.3%
Cash	Tilt/Tactical	2.3%
Total		100.0%

CHANGES IN ASSET ALLOCATION BY STRATEGY

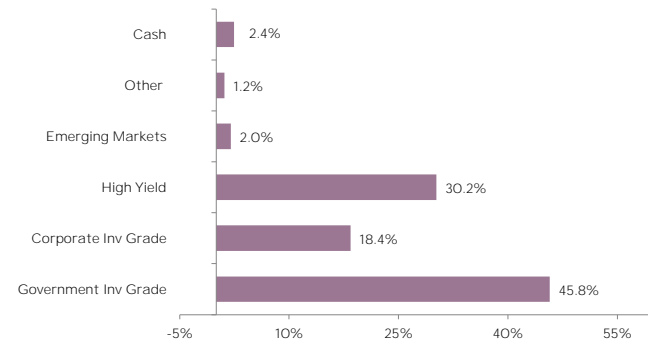


FIXED INCOME COMPONENT <sup>4</sup>

CREDIT RATING	
AAA	30.3%
AA	20.4%
A	7.2%
BBB	11.0%
< BBB	31.2%
TOTAL	100.0%

MATURITY	
< 3 year	43.0%
3-5 years	24.8%
5-10 years	20.1%
> 10 years	12.1%
TOTAL	100.0%

CATEGORY ALLOCATION



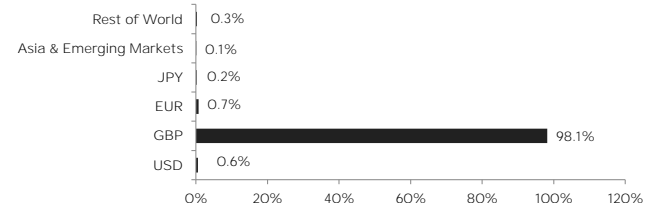
YIELD	
Effective Yield	2.2%
Average Weighted Maturity (in years)	5.8
Average Modified Duration (in years)	4.7

REGIONAL ALLOCATION <sup>4</sup>

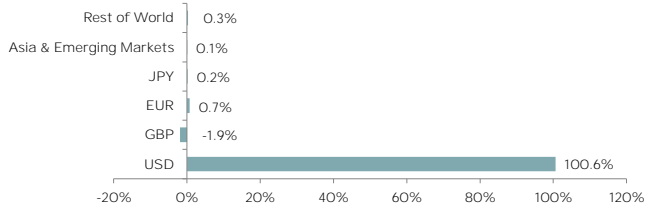
USA	70.5%
UK	20.8%
Europe ex UK	4.8%
Emerging Markets	1.8%
Rest of the World	1.6%
Asia Pacific ex Japan	0.3%
Japan	0.2%
TOTAL	100.0%

CURRENCY EXPOSURE <sup>4</sup>

GBP SHARE CLASS



USD SHARE CLASS



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

## MARKET COMMENTARY

August 2020

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.

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 sterling).

Most equity markets rose, with the MSCI AC World Index advancing +3.9% in sterling terms. Japan (+5.4%) and the US (+5.2%) were the strongest performers, whilst Emerging Markets (+0.1%) and the UK (+1.4%) lagged. At the sector level, cyclicals tended to outperform defensives, with the standout gains seen in Consumer Discretionary (+9.8%), Information Technology (+7.0%) and Industrials (+6.0%), whilst Utilities was the weakest area, losing -3.7%.

Whilst the pound was a little firmer against most currencies, the biggest story in the foreign exchange markets was the weakness of the US dollar, which reacted in part to Fed Chair Powell's comments about being more tolerant on 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 sterling terms unless otherwise stated).

## PORTFOLIO COMMENTARY

The Nedgroup Investments Income MultiFund was flat (+0.0%) during August.

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 (+0.5%) 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%), Wellington Global Credit Plus (-1.2%), and Vanguard US Government Bond Index Fund (-1.4%) produced negative returns over the period.

In other asset classes, the small holding in high dividend paying UK stocks via the iShares UK Dividend ETF (+6.7%) was a tailwind for performance as UK stocks rose during August. 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 on a hedged to sterling basis

#### 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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This document 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.

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.

This document is of a general nature and intended for information purposes only. Whilst we have taken all reasonable steps to ensure that the information in this document is accurate and current on an ongoing basis, Nedgroup Investments shall accept no responsibility or liability for any inaccuracies, errors or omissions relating to the information and topics covered in this document.

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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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