NEDGROUP INVESTMENTS MULTIFUNDS PLC

INCOME MULTIFUND - ACCUMULATING CLASS A

NEDBANK PRIVATE WEALTH SINCE 1834

December 2021 Factsheet

SYNTHETIC RISK REWARD INDICATOR

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

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 5bn. Licensed by the Isle of Man Financial Services Authority.

FUND LEGAL STRUCTURE: Irish OEIC UCITS IV

INCEPTION DATE: 26 January 2012

MARKET VALUE: GBP 40.4m

PRICES (as at 31 December 2021)

GBP CLASS A: GBP 12.6205

USD CLASS A: USD 12.9022

MANAGEMENT FEE CLASS A: 1.25% p.a.

ON-GOING CHARGES (as at 31 December 2021)[2]

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: 3.3%

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

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.

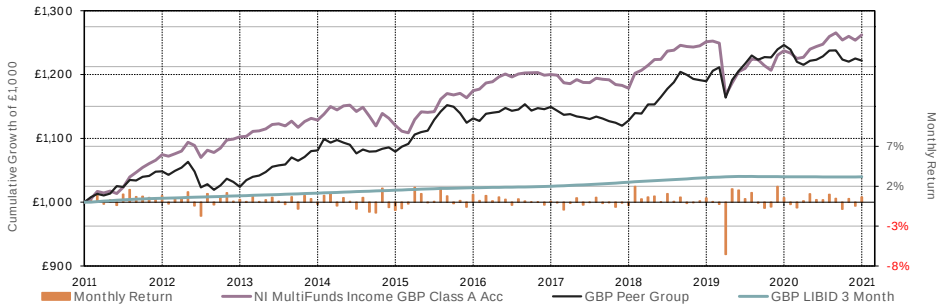
SUITABILITY & RISK AND REWARD

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.

FUND PERFORMANCE [1]



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

DISCRETE YEAR PERFORMANCE % CHANGE NET OF FEES [1]

SINCE FUND INCEPTION	FUND GBP	GBP PEER GROUP	3 Month GBP LIBID	FUND USD	USD PEER GROUP	3 Month USD LIBID
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%	5.8%	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 [1]

SINCE FUND INCEPTION	FUND GBP	GBP PEER GROUP	3 Month GBP LIBID	FUND USD	USD PEER GROUP	3 Month USD LIBID
1 Month	0.6%	-0.3%	0.0%	0.7%	-0.1%	0.0%
6 Months	1.2%	-0.5%	0.0%	1.2%	-0.5%	0.0%
1 Year	2.0%	-2.0%	0.0%	2.1%	-1.3%	0.0%
3 Years Ann	2.3%	2.7%	0.3%	3.3%	3.5%	0.9%
5 Years Ann	1.4%	1.6%	0.3%	2.5%	2.8%	1.2%
YTD	2.0%	-2.0%	0.0%	2.1%	-1.3%	0.0%
Since inception *	2.4%	2.0%	0.4%	2.6%	2.3%	0.8%
Lowest 1 yr return	-3.9%			-4.0%		
Highest 1yr return	7.5%			7.8%		

Class A performance net of fees as of 31 December 2021. * Since inception annualised.

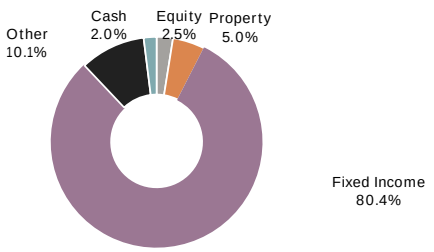
GBP Peer Group is Morningstar Global Bonds – GBP Hedged. USD Peer Group is Morningstar Global Bonds – USD Hedged. Both are net of fees.

Past performance is not a guide to future returns.

RISK MEASURE [3]

SINCE FUND INCEPTION	FUND GBP	FUND USD
Annualised volatility	3.3%	3.2%
Sharpe ratio (annualised)	0.60	0.60
Lowest monthly return	-6.5%	-5.8%
Maximum drawdown	-6.8%	-5.9%
Months to recover	16	13

ASSET ALLOCATION [3]



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.

3) Source: Underlying managers, Nedgroup Investments (IOM) Limited. Data point 30 November 2021

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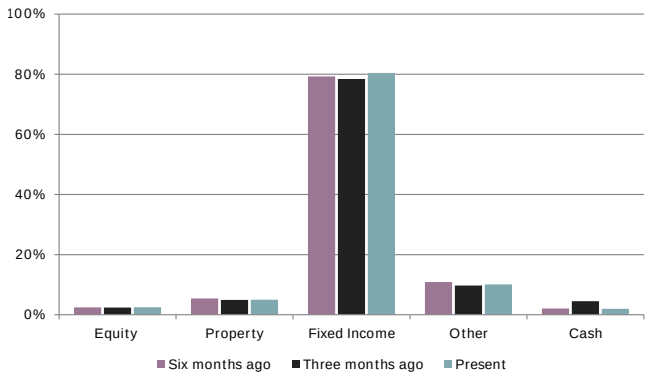
December 2021

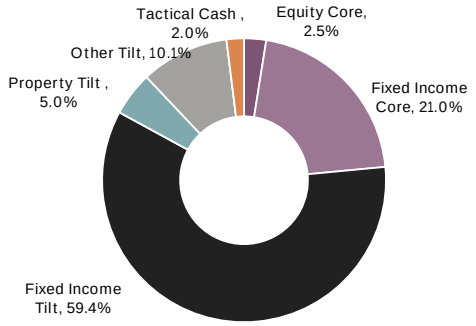
PORTFOLIO ANALYSIS

FULL PORTFOLIO HOLDINGS

Equity		2.5%
iShares UK Dividend UCITS ETF	Core	2.5%
Property		5.0%
BMO Commercial Property Trust	Tilt	2.5%
Target Healthcare REIT	Tilt	2.0%
Impact Healthcare REIT	Tilt	0.5%
Fixed Income		80.4%
Muzinich Short Duration High Yield	Tilt	19.6%
AXA US Short Duration High Yield	Tilt	19.3%
PIMCO Low Duration Global IG Credit	Tilt	12.0%
Wellington Global Credit Plus	Core	9.5%
Vanguard US Government Bond Index Fund	Core	7.0%
iShares $ Treasury Bond 1-3YR UCITS ETF	Tilt	6.0%
PIMCO Global IG Credit	Core	4.5%
Lord Abbett Short Duration Income Fund	Tilt	2.5%
Alternative		10.1%
GCP Asset Backed Income Fund	Tilt	1.7%
Hipgnosis Songs Ordinary Shares	Tilt	1.6%
Greencoat UK Wind	Tilt	1.5%
The Renewables Infrastructure Group	Tilt	1.2%
3i Infrastructure Plc	Tilt	1.1%
John Laing Environmental Assets Group	Tilt	1.1%
Round Hill Music Royalty Fund	Tilt	0.6%
Greencoat Renewables	Tilt	0.6%
KKV Secured Loan Fund C Shares	Tilt	0.5%
Cash		2.0%
Cash	Tilt/Tactical	2.0%
Total		100.0%

CHANGES IN ASSET ALLOCATION BY STRATEGY





FIXED INCOME COMPONENT [4]

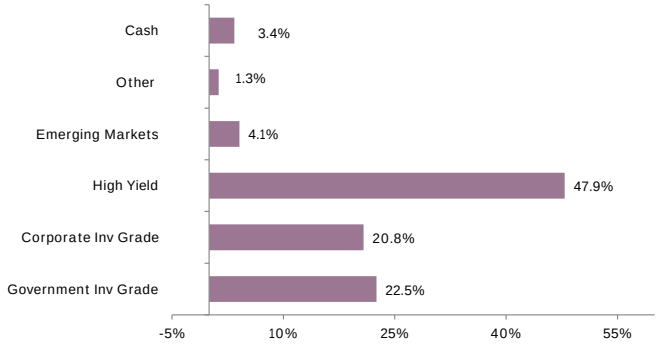
CREDIT RATING	
AAA	19.2%
AA	10.4%
A	8.3%
BBB	12.6%
< BBB	49.5%
TOTAL	100.0%

MATURITY	
< 3 year	31.3%
3-5 years	39.5%
5-10 years	20.5%
> 10 years	8.8%
TOTAL	100.0%

REGIONAL ALLOCATION [4]

USA	64.9%
UK	21.7%
Europe ex UK	6.7%
Emerging Markets	4.0%
Rest of the World	2.0%
Asia Pacific ex Japan	0.3%
Japan	0.5%
TOTAL	100.0%

CATEGORY ALLOCATION

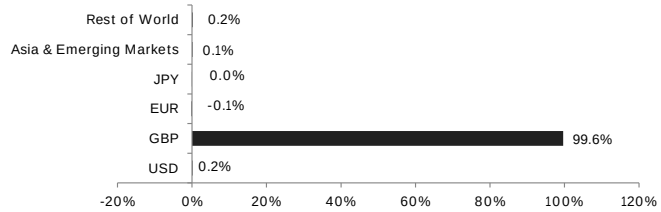


YIELD

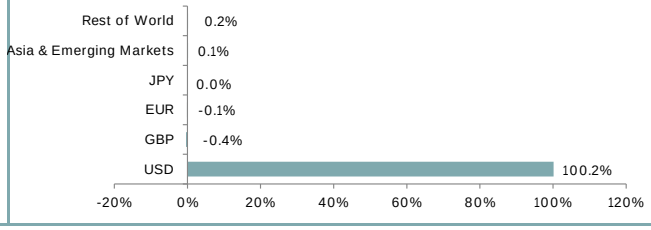
Effective Yield	3.0%
Average Weighted Maturity (in years)	4.0
Average Modified Duration (in years)	3.2

CURRENCY EXPOSURE [4]

GBP SHARE CLASS



USD SHARE CLASS



4) Source: Underlying managers, Nedgroup Investments (IOM) Limited. Data point 30 November 2021 (including portfolio cash)
Data point for underlying fund information on a look-through basis is one month in arrears.

NEDBANK PRIVATE WEALTH SINCE 1834

December 2021

MARKET COMMENTARY

From a market perspective 2021 was without doubt an eventful, albeit financially rewarding, year. If history books mark 2020 as the year that saw the first pandemic in over 100 years to turn truly 'global' – with all the uncertainty (and market volatility) that ensued – then 2021 will likely be marked as the year that society learned to both live with and fight against COVID. Indeed the same can be said of the markets where an increasing dislocation was seen as the year progressed between COVID related 'bad news' and market reaction. Investors were perhaps looking through the shorter term noise to the bigger picture and the global economy after COVID. But the year was punctuated by several key themes: reflation, inflation, vaccine, variant and hawks.

The year started very much on a reflationary footing (fiscal and monetary policy designed to expand output and effectively support and drive the economic reopening following the pandemic lockdowns of 2020) fuelled in no small part by the inauguration of President Biden and the simultaneous shift in control of the Senate following state elections in Georgia. With the Democrats in control of both sides of Congress the passage through for the American Rescue Plan Act was made significantly easier. This included $1.9tn of additional stimulus (later scaled back) with a focus on infrastructure spending and environmental responsibility. All part of the 'build back better' slogan that carried Biden to the White House. This was supported by wider monetary and fiscal policy seen as accommodative to economic expansion and a shift in rhetoric from central banks, moving from inflation to employment as the key point of focus. Inflation, it was felt, would be under control.

In parallel to this, whilst infection levels remained high, a broader rollout of vaccines globally provided optimism to the pandemic and led to a very strong first quarter to the year for equity markets. This was countered by a more challenging period for fixed income assets, and particularly those with longer dated maturities.

With Q2 came the Delta variant, a more transmissible strain against which several vaccines proved less effective. This caused something of a setback for markets as investors feared a derailment of the reflationary effort and delay to the vaccine led recovery. Q2 also saw inflation move front and centre with mixed views as to just how transitory it would prove to be. Commodity prices were rising, with a particular focus on energy, and with input prices rising generally this was having a broader impact on inflation. This rolled into Q3, now with added concerns around the logistical challenges feeding through to further price rises. In short, pent up demand meeting supply deficits with the wrong goods in the wrong place at the wrong time and a labour supply squeeze creating a backlog to the global movement of materials. Issues around a snowballing debt crisis at China's property giant Evergrande Group and growing regulatory oversight from the Chinese government proved an unwanted distraction to markets, albeit that fears of debt contagion subsided swiftly and the focus shifted back to inflation.

To this backdrop expectations moved to a more hawkish sentiment from central banks, looking to curb inflation by dialling back on monetary and ultimately fiscal policy, consensus now clearly anticipating several rate hikes in 2022 and evidence of a more aggressive asset purchase tapering. With the advent of Q4 emerged the Omicron variant and evidence of significantly higher transmissibility (than Delta) and without information on severity markets weakened as new restrictions were imposed across multiple countries and the reality loomed large of an extended period of life with COVID and what this might mean for the economic recovery. You only need to look at the impact on travel stocks to see the direction of thinking. But with the closing stages to the year came early evidence of reduced severity from the now dominant variant and, coupled with a surge in vaccine booster programmes across the developed world, renewed optimism that the recovery would remain on-track.

But how has this translated to financial markets given the strong rebound seen in late 2020?

In truth it has been a good year for risk assets, and specifically developed market equities, but also other asset classes linked to the economic reopening, whilst traditionally more defensive assets have struggled. To equities first and the global index (MSCI ACWI) saw an increase of 20.9% on the year. This was led by the US which rose by 26.5% over the period with Europe (ex UK) not far behind up 22.6%. This is in stark contrast to emerging markets which posted a very slight loss on the year at -0.2%. As mentioned previously, commodities saw strong returns on the year with the broad commodity index up some 27% with oil leading the way up more than 60%. This is in

contrast to the classic safe-haven of gold, falling by 4% over the year. To extend the view on real assets, property also performed well in 2021 with the developed market REIT index up 27.2% on the year.

Turning finally to fixed income markets it was difficult to find any bright spots unless linked to either inflation (index linked) or risk (high yield) or managed to avoid duration (longer maturity). The Barclays Global Aggregate index fell by 1.5% over the year whilst the Merrill Lynch Global High Yield index rose 2.8%. The FTSE All Stocks UK Index Linked Index was up 4.2% over the year whilst in contrast the equivalent UK Gilt Index fell 5.2%.

PORTFOLIO COMMENTARY

The end of December saw a positive close to the year for the portfolio with the fund up 0.7% on the month, 2.9% on the year. The final quarter as a whole saw the fund rise by 0.8%. The positive absolute performance of the fund resulted in comfortable outperformance of the longer term cash target but also relative outperformance of the reference peer group with the fund ahead by 4.8% and now ahead of peer group over the longer term also.

The drivers of performance during such a period are unsurprisingly equities and other risk assets within the portfolio. The single equity holding of iShares FTSE UK Dividend Plus performed particularly well with an increase of 6.7% on the month, 22.4% for the year as a whole. The fund has benefited from a broader value based upturn as well as strength in developed markets generally.

Turning to the Real Asset exposure within the portfolio, property, both direct and indirect, proved beneficial to returns both on the month and the year as a whole. Of particular note was the performance of BMO Commercial Property Trust which saw a rise of 4% in December, closing the year up almost 38%. This reflects our view that the trust was well placed to benefit from the UK economic ‘reopening’ with property valuations rising, rental collections improving and a shift in sentiment helping close an overextended discount to net asset value. We have also favoured the broader infrastructure sectors during the year, and continue to do so, with strong returns from many of the portfolio holdings but 3i Infrastructure worthy of particular mention, closing the year up almost 19%.

The funds exposure to Alternative Strategies proved to be broadly positive and this remains an area of particular interest. Of note has been the contribution from the two positions in asset backed lending. KKV Secured Loan (now renamed as SFL Realisation Fund) has been a problem position discussed previously but has been the subject to a material turnaround from a new and highly capable management team looking to extract maximum value in the wind down of the portfolio. The resulting return of 116% on the year is indeed eye catching if possibly somewhat distorted by the previous losses on the fund. However GCP Asset Backed Income was particularly pleasing with a marginal rise on the month but up 13.2% on the year, demonstrating the exact qualities that first attracted us to the asset class segment.

Finally turning to the fixed income holdings and it has undoubtedly been a challenging time for this sector as a whole with many areas seeing marginal losses during the year. The fund’s focus on short duration has worked well and helped protect against the wider weakness, but of particular note has been the bias towards high yield with the AXA US Short Duration High Yield fund seeing an increase of over 1% on the month, closing the year up 3.2%. This focus on credit risk rather than interest rate risk has been broadly beneficial given the economic backdrop and is a position that we are comfortable to maintain going in to 2022.

NEDGROUP INVESTMENTS MULTIFUNDS PLC
INCOME MULTIFUND

NEDBANK PRIVATE WEALTH SINCE 1834

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The Depositary
Citi Depositary Services Ireland DAC
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Fees
Fees are outlined in the relevant Sub-Fund Supplement available from the Nedgroup Investments website.

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