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Nedgroup Investments Global Flexible Fund

Quarter 3, 2020

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The following commentary was produced by the sub-investment manager, First Pacific Advisors, LP ("FPA").

USD performance to 30 September 2020	Nedgroup Investments Global Flexible[1]	S&P 500	MSCI World
3 months	3.1%	8.9%	7.9%
12 months	-0.9%	15.1%	10.4%

Overview

The Nedgroup Investments Global Flexible Fund ("the Fund") gained 3.1% for the third quarter and declined by 6.1% for the first nine months of 2020.

The global MSCI World Index ("World") advanced 7.9%, the MSCI ACWI Index ("ACWI") advanced 8.1% in the third quarter, while the domestic S&P 500 Index ("S&P") increased 8.9%. Year-to-date through September, the MSCI World, MSCI ACWI and S&P returned 1.7%, 1.4% and 5.6%, respectively.

Guided by the incredible performance of a few large growth companies, these benchmarks have recovered from being deeply in the red following the global onset of COVID-19. Stock market breadth is as narrow as we've ever seen it. Notably, more than half of the stocks in the ACWI and S&P have declined in value this year, which helps explain the negative year-to-date performance of the ACWI and S&P when measured on an equal-weighted basis. The largest 10 companies delivered all of the performance (and then some).

***Exhibit A:* Index Return Composition Reflects Lack of Market Breadth**[2]

Year-to-Date as of 30 September 2020	MSCI ACWI	S&P 500
Total Return	1.4%	5.6%
Return contribution of largest 10 Companies	5.7%	9.4%
As a percentage of total return	*415%*	*169%*
Percentage of stocks with negative returns	60.5%	56.5%
Equal-weighted return	-2.2%	-5.1%
Median return	-7.9%	-3.6%
Largest 5 companies as a % of market capitalization	12%	23%

In last quarters letter, the FPA portfolio management team pointed out that the Fund's equity portfolio, for trailing twelve month and forward periods, was cheaper on a price-to-earnings and price-to-book basis than the S&P and ACWI and had higher 3-year historic and forecasted earnings-per-share growth than the indices, although you wouldn't know it from their price performance.[3] On average, it appears investors are placing much greater weight on what earnings might look like in the (sometime distant) future, rather than what they are in the here and now. Joel Greenblatt, in a recent Bloomberg podcast, pointed out that, "If you bought every company that lost money in 2019 that had a market cap over $1 billion…you'd be up 65% so far this year."[4]

[1] Source: Morningstar (monthly data series). Reflects the net USD return for the Nedgroup Investments Global Flexible Fund, C class.

[2] Source: Factset.

[3] Source: CapIQ, Factset, Bloomberg, FPA calculations. For illustrative purposes only. Statistics mentioned as of June 30, 2020. Equity portfolio statistics noted herein do not represent the results that the Fund or an investor can or should expect to receive. Fund shareholders may only invest or redeem their shares at net asset value.

[4] Source: Bloomberg, October 9, 2020, *Joel Greenblatt on Relative Value Investing*, https://www.bloomberg.com/news/audio/2020-10-09/joel-greenblatt-on-relative-value-investing-podcast

Growth continues to outperform value for the year on a global basis, as illustrated by the MSCI ACWI Growth Index Q3 and YTD return of 12.0% and 18.1% respectively, versus its value counterpart, MSCI ACWI Value Index returns of 4% and -14.5% respectively, for the same period.

Portfolio discussion

Contributors to and detractors from the Fund's trailing 12-month returns to 30 September 2020 are listed below.

Exhibit B: **Contributors and detractors**[5]

Winners	Performance contribution (%)	End weight (%)	Losers	Performance contribution (%)	End weight (%)
Broadcom	1.17%	2.61%	AIG	-1.88%	3.02%
Facebook	1.13%	2.31%	Howmet Aerospace	-1.32%	2.33%
Charter Comms	1.10%	2.33%	McDermott (multiple issues)	-1.07%	1.15%
Alphabet	1.08%	4.91%	CIT Group	-1.07%	1.19%
Microsoft	0.88%	1.77%	Wells Fargo	-0.92%	1.29%

As value investors, the FPA portfolio management team aims to understand the value of a business and purchase it at a price that offers both a margin of safety and the opportunity for a good longer-term rate of return. Sometimes, a company captures the imagination of investors right away and that return comes quickly, but often the exact opposite may occur. Four of the contributors in the Fund over the trailing twelve months are technology companies, and the fifth is a cable company that offers the broadband delivery system for new technology (streaming). The contributors have either been beneficiaries of COVID-19 (e.g., more streaming and thus more demand for broadband) or haven't experienced much of a negative impact on their businesses due to the pandemic. The detractors are aerospace or financial companies, whose businesses have been harmed to various degrees and their stock prices reflect these changes. However, in most cases, when COVID-19 recedes, we believe these businesses will rebound and incite investor interest that could lead to higher stock prices.

The need for return has most investors feeling the tension between current income and capital appreciation. Finding yield in this environment has caused investors to either accept lower yields or move out on the risk curve to capture yields that are only marginally higher, and generally don't appreciate the inherent risk in many of those credits. That has accrued to the benefit of the equity markets in recent months where total return is being sought in its stead.

No one has ever lived through the grand monetary experiment that central bankers and government treasuries are cooking up. These are unproven and untested theories where the outcome is not yet clear. However, if one has a long-term time horizon, choosing between investments in cash (no return), fixed income (low return), and equities (likely higher return), equities would be the logical choice.

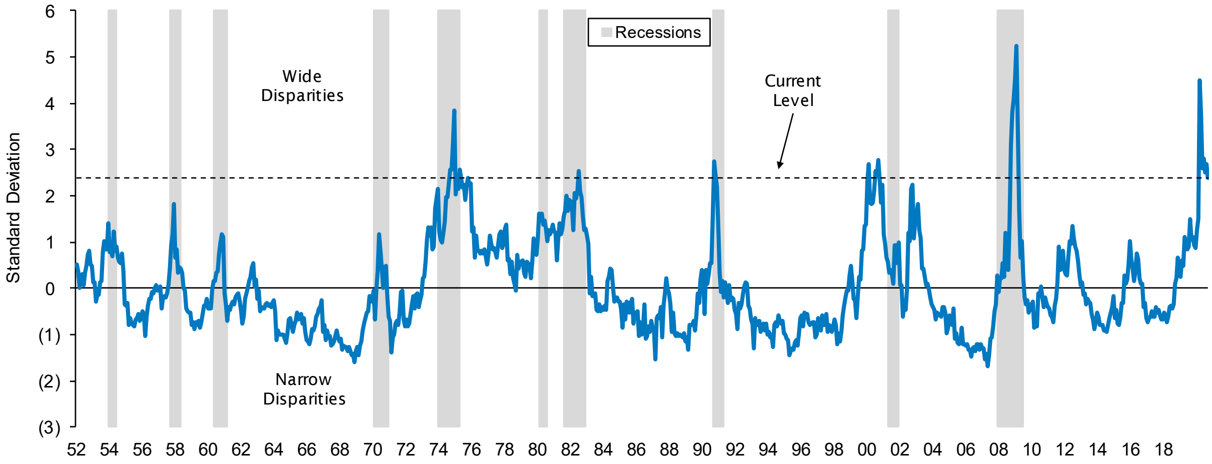
We continue to maintain the Fund's net risk exposure at 72%, but with less than average exposure to low-yielding, sub-investment grade corporate debt. The Fund's equity exposure has crept up to 69%.

We believe the more value-oriented names in the portfolio continue to offer good value, both in absolute and relative terms. Should these companies continue to execute well, we believe it is only a matter of time before the valuation gap narrows between them, the stock market, and certainly the expensive, large-cap stocks.

[5] Reflects the top five contributors and detractors to the Fund's performance based on contribution to return for the trailing twelve months ("TTM") through September 30, 2020. Contribution is presented gross of investment management fees, transactions costs, and Fund operating expenses, which if included, would reduce the returns presented. The information provided does not reflect all positions purchased, sold or recommended by FPA during the TTM. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities listed.

We alluded in the second quarter to central bank policies widening the societal gap between the 'Haves' and the 'Have Nots'. Within the equity market, a similar valuation gap between the 'Haves' and 'Have Nots' is about as wide as we've ever seen it.

***Exhibit C:* Valuation Spreads – The Cheapest Quintile Compared to the Market Average**[6]



Low multiples are certainly justified for those businesses that face existential risk.

We have largely avoided the secularly challenged industries over the last decade including brick and mortar retail; mall real estate; oil and gas; and broadcasting. However, there are many good businesses in sectors that are cyclically challenged and have not performed well of late such as aerospace, property and casualty insurance, and cement.

If the companies in the portfolio grow at the same rate as the stock market (they've actually been growing faster), while trading at lower valuations, then it stands to reason that the portfolio should perform well in the future. Though we wish it might be sooner, we expect business performance will eventually be recognized in stock prices.

[6] Source: Empirical Research Analysis, National Bureau of Economic Research. As of August 31, 2020. Cheapest quintile refers to the most undervalued 20% of stocks in an analysis of large-capitalization US stocks. Standard Deviation is a measure of dispersion of a data set from its mean. Prior to 1952, the spread is measured using the price-to-book data of the largest 1,500 stocks. Current Level refers to the valuation spread as of August 31, 2020 which is 2.4 standard deviations above the mean.

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Standard & Poor's 500 Stock Index (S&P 500) is a capitalization-weighted index which covers industrial, utility, transportation and financial service companies, and represents approximately 75% of the New York Stock Exchange (NYSE) capitalization and 30% of NYSE issues. The S&P 500 is considered a measure of large capitalization stock performance.

MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 26 emerging markets. As of December 2019, it covers more than 3,000 constituents across 11 sectors and approximately 85% of the free float-adjusted market capitalization in each market.

MSCI World Index is designed to represent the performance of large- and mid-cap stocks across 23 developed markets. With more than 1,600 constituents, it covered approximately 85% of the free float-adjusted market capitalization in each country as of December 2018.