

# Global Flexible Fund

► Contrarian. Flexible. Patient.



December 2024 update | ISIN for Class C USD:IE00BKXGFM15

MARKETING COMMUNICATION

## Our investment approach

- We target equity-like returns with less risk than the market over a full market cycle.
- Our bottom-up research drives asset allocation, agnostic of market indices.
- We patiently seek undervalued and out-of-favour opportunities across asset class and capital structure.
- We are willing to hold cash until opportunities present themselves.

## Portfolio Management Team



**Brian A. Selmo**

24 years in the industry



**Steve Romick**

39 years in the industry



**Mark Landecker**

23 years in the industry

*In this monthly note, we share the Fund's return drivers over recent periods, current portfolio positioning and put the spotlight on a stock bought/sold.*

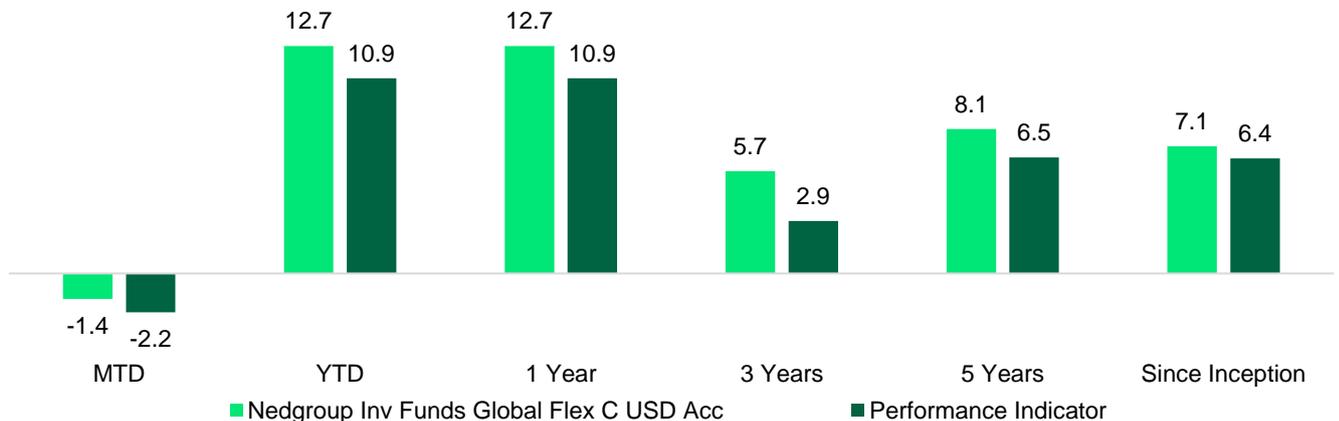
## Performance and markets

US stocks ended the year strong, despite a mild sell-off in December as investors booked profits. The Federal Reserve cut interest rates, supporting market sentiment. In Europe, the UK outperformed its peers, bolstered by the passing of the UK budget and expectations of lighter US tariffs on UK goods. Japan's Nikkei 225 surged, supported by a weaker yen. Global bond markets saw a repricing of yields, leading to declines. Overall, 2024 was a strong year for risk assets, dominated by mega-cap technology stocks. The US labour market added nearly 2 million nonfarm jobs, although the unemployment rate increased slightly. Inflation continued its downward trend, and Japan's central bank implemented a further interest rate hike.

Alphabet was a top contributor in December for the Nedgroup Investments Global Flexible Fund. Other positive contributors for the month were Broadcom, Amazon, Richemont and Meta.

### Fund performance

*Past performance is not indicative of future performance and does not predict future returns*



*Fund returns are in US\$ based on Class C since 1 August 2013. MSCI index returns are with net dividends reinvested. Performance indicator: 60% MSCI World NR USD, 30% Bloomberg Global Aggregate bond, 10% US Cash. Source: Morningstar, Nedgroup Investments.*

## Key return drivers

### Month to date

Contributors		Detractors	
Alphabet	0.56%	Comcast	-0.35%
Broadcom	0.24%	Ferguson Enterprises	-0.25%
Amazon	0.11%	Charter Communications	-0.19%
Compagnie Financière Richemont	0.07%	Holcim	-0.16%
Meta	0.06%	Delivery Hero	-0.15%

### Year to date

Contributors		Detractors	
Alphabet	1.71%	Heineken	-0.53%
Meta	1.69%	JDE Peet's	-0.43%
Jefferies	1.54%	Comcast	-0.39%
Citigroup	0.92%	Glencore	-0.36%
Holcim	0.84%	LG Corp	-0.27%

Sector contribution	Month to date	Year to date
<i>Equities</i>	-1.49%	11.17%
Communication Services	0.11%	3.12%
Consumer Discretionary	0.05%	1.39%
Consumer Staples	-0.26%	-1.24%
Energy	-0.02%	0.75%
Financials	-0.31%	4.23%
Health Care	0.02%	-0.10%
Industrials	-0.60%	0.92%
Information Technology	-0.07%	1.04%
Materials	-0.40%	0.67%
Real Estate	-0.03%	0.39%

Contribution data as of reporting month end. Source: FPA, Factset.

## Portfolio positioning

Portfolio structure	Portfolio weight
Fixed income	<b>2.17%</b>
Corporate Bonds	0.56%
Convertible Bonds	1.50%
Asset Backed Bonds	0.11%
Equities	<b>57.41%</b>
Communication Services	13.96%
Consumer Discretionary	6.72%
Consumer Staples	3.55%
Energy	2.18%
Financials	9.92%
Health Care	1.36%
Industrials	5.56%
Information Technology	6.93%
Materials	5.80%
Real Estate	1.30%
Utilities	0.13%
Cash & equivalents*	<b>40.41%</b>
<b>Total</b>	<b>100%</b>

\* Includes money market securities.

Regional breakdown	Equity weight	Fixed income weight
North America	37.13%	0.84%
Europe ex UK	16.76%	1.33%
Asia ex. Japan	0.18%	0.00%
Japan	1.84%	0.00%
Emerging Markets	1.51%	0.00%
<b>Total</b>	<b>57.41%</b>	<b>2.17%</b>

Top 5 equity holdings		Portfolio weight
Alphabet	Communication Services	5.33%
Meta	Communication Services	3.18%
Citigroup	Materials	2.81%
Holcim	Financials	2.79%
Analog Devices	Information Technology	2.75%

## Stock spotlight: Netflix

- Netflix has been a **long-term holding of the Fund**. The company presented a strong investment case based on two main factors: pricing-led revenue growth in the world's largest media market and declining unit costs due to subscriber growth and stable content spending. Despite a decrease in Pay-TV subscribers over the last decade, Netflix managed to increase its revenue significantly, demonstrating its resilience and growth potential. Additionally, Netflix's cost management, particularly in content spending, positioned it well for future profitability. Overall, the combination of strategic pricing, subscriber growth, and effective cost management made Netflix an attractive investment.
- **Netflix has been very successful** and **currently trades at a high multiple** to its current results. While Netflix remains a compelling consumer proposition, and is likely to continue to do well, its future growth relies on more aggressive assumptions about subscriber growth and pricing which now makes it a less conservative investment compared to other digital tech platforms and advertising-driven businesses. As a holding appreciates, the team evaluates the position to judge the relative risk/rewards as compared to other investable opportunities. As a result, **in keeping with the investment philosophy and process of the Fund, we have exited the Netflix position.**

Positioning information as of reporting month end. Some differences may exist due to rounding.  
 Source: FPA, Nedgroup Investments.

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The sub-funds of the Fund (the **Sub-Funds**) are generally medium to long-term investments and the Investment Manager does not guarantee the performance of an investor's investment and even if forecasts about the expected future performance are included the investor will carry the investment and market risk, which includes the possibility of losing capital.

The views expressed herein are those of the Investment Manager/Sub-Investment Manager at the time and are subject to change. The price of shares may go down as well as up and the price will depend on fluctuations in financial markets outside of the control of the Investment Manager. Costs may increase or decrease as a result of currency and exchange rate fluctuations. If the currency of a Sub-Fund is different to the currency of the country in which the investor is resident, the return may increase or decrease as a result of currency fluctuations. Income may fluctuate in accordance with market conditions and taxation arrangements. As a result an investor may not get back the amount invested. Past performance is not indicative of future performance and does not predict future returns. The performance data does not take account of the commissions and costs incurred on the issue and redemption of shares.

Fees are outlined in the relevant Sub-Fund supplement available from the Investment Manager's website.

The Sub-Funds are valued using the prices of underlying securities prevailing at 11pm Irish time the business day before the dealing date. Prices are published on the Investment Manager's website. A summary of investor rights can be obtained, free of charge at [www.nedgroupinvestments.com](http://www.nedgroupinvestments.com).

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