

Marketing Material

Global Sustainable Equity Fund Commentary – July 2022

The Global Sustainable Equity Fund returned 6.87% in July underperforming MSCI ACWI by -0.11% in a very strong month for equity markets (performance net of fees, as per 29/07/2022, in USD). Earnings season so far has been much stronger than expected, especially with mega cap tech, and the market took the comments from the Fed as supportive for risk assets despite the further 75 bps rate hike. Allocation was the primary driver of the underperformance as Consumer Discretionary recovered very strongly and Healthcare lagged as investors rotated out of the sector. Selection was strong in Communication Services and Industrials however this was offset by weaker selection in Financials and Technology.

Impact Focus of the month:

The team have been engaging with our Electric Vehicle (EV) manufacturer holding in order to improve the Total Impact of the business. We believe the company to have extremely high environmental impact through leading the transition to EVs but it is our opinion that the impact on other stakeholders could be improved and it is therefore our responsibility to engage with the company to push for better practices. We engaged with the company on a range of issues including the allegations of taking actions to squash unionisation discussion, discrimination in the workplace and recent legal cases in relation to crashes when the vehicles have been in auto pilot mode. We are further continuing discussions with a shareholder group to explore how we can better work with other stakeholders to push for improved practices in relation to policies around collective bargaining in particular.

Safaricom (+19%) and Johnson Controls (+13%) were the strongest contributors to performance. Safaricom suffered very poor performance in June driven, we believe, by a number of large foreign investors exiting the stock at any price and the move being magnified by the liquidity of the stock, and when this selling pressure finally abated Safaricom snapped back very sharply in July. Johnson Controls has been a material underperformer this year and recovered strongly in more optimistic equity markets on relatively limited news other than the industrials complex to date reporting better than expected results. AIA Group (-7%) and Allianz (-5%) were the greatest detractors. European insurers in particular lagged over the month as concerns rose around credit performance. Not holding Amazon (+27%) and Apple (+19%) also contributed meaningfully to the underperformance.

Past performance is not indicative of future returns**Nomura Funds Ireland – Global Sustainable Equity Fund, I USD**

Performance net of fees, as per 29.07.2022, in USD

	Nomura Funds Ireland - Global Sustainable Equity Fund (I USD)	MSCI AC World Index
1 Month	6.87%	6.98%
3 Month	-3.79%	-1.92%
YTD	-14.13%	-14.61%
30.07.2021 - 29.07.2022	-11.63%	-10.48%
31.07.2020 - 30.07.2021	30.66%	33.18%
31.07.2019 - 31.07.2020	12.33%	7.20%
Since Inception (15.04.2019)	34.10%	29.38%

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