

Global Dynamic Bond Strategy Profile

Key Features:

.....
Dynamic and flexible approach
to fixed income investing
.....

Strategic, long-term physical bond holdings
combined with shorter-term risk hedging
.....



Contents

.....
Overview
.....

Reasons to Invest
.....

Investment Philosophy
.....

Investment Approach
.....

Portfolio Construction
.....

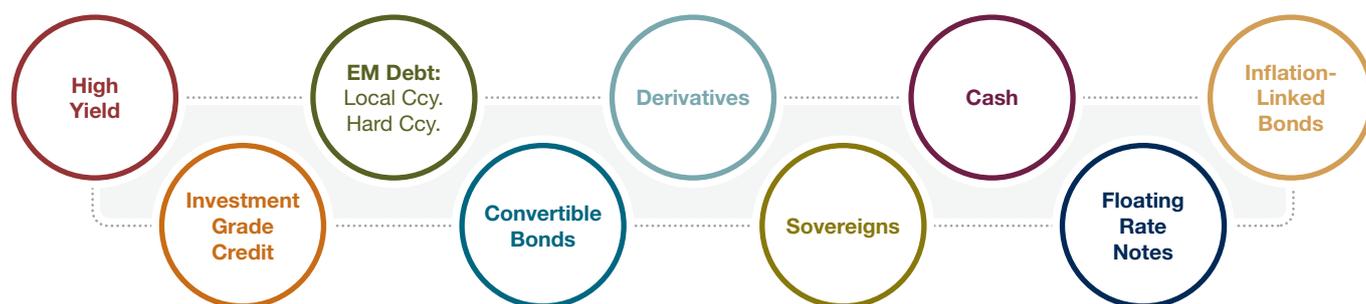
Risk Control
.....

Investment Team
.....

Contact Us
.....

Overview

Our Global Dynamic Bond Fund is a flexible, “go-anywhere” approach to fixed income investing. The fund is unconstrained by benchmark allocations, allowing for the ability to seek attractive total returns by investing across the full market spectrum.



▲ THE TOOLS AVAILABLE TO THE FUND

Strategic Core

We form top-down views of macro-economic and market-driven themes at the global level, based on Nomura Asset Management's in-house research, the portfolio managers' own views and selected third party analysis. These views lead to a strategic core portfolio designed to benefit from expected changes in fixed income markets. This strategic core portfolio typically consists of 100-200 individual bonds, and accounts for at least 80% of the assets of the strategy.

Portfolio Protection

Our strategic holdings give rise to shorter-term risks: credit and duration risk, primarily. We use the widest possible range of fixed income derivatives (and equity put options where appropriate) to mitigate and manage these risks with an emphasis on efficiency. Using these instruments, the risk exposures of the Fund are dynamically adjusted around the longer-term strategy, to cope with periods of volatility and rising yields.

Risk control is pivotal

Interest rate and credit risk are managed dynamically and the strategy is limited to a monthly value at risk of 5.75%*.

Fixed Income at Nomura Asset Management

Lead Portfolio Manager, Dickie Hodges, draws extensively on the global fixed income team of Nomura Asset Management to provide both top-down strategic and bottom-up asset selection ideas for the Global Dynamic Bond Fund. More than 100 Portfolio Managers, analysts, economists and traders are dedicated to supplying information and ideas for our global fixed income strategies. The Nomura Asset Management Group has managed Fixed Income investments since 1989. Today we manage portfolios on behalf of some of the world's largest institutions, including Pension Schemes, Central Banks and Sovereign Wealth funds.

* Ex-ante monthly VaR, 99% confidence interval. This means that in 99% of outcomes, the Fund will experience a loss of no greater than 5.75% in a given month.

Reasons to invest

In today's uncertain environment, investors need the relative stability of fixed income assets but global yields are low and in many cases negative.

To achieve attractive returns and to control risks in such an environment, a highly flexible and dynamic approach is needed. The Fund's portfolio management team, headed by Richard ("Dickie") Hodges, an industry veteran of more than 30 years experience, scour the globe for attractive return opportunities whilst dynamically hedging against shorter term risks.

▼ **Attractive Returns with downside protection**

Access to attractive return opportunities globally, with the proven ability to protect against downside risk.

▼ **Flexibility**

A flexible "go anywhere" approach, the team are able to invest across a wide range of fixed income securities.

▼ **Key Features**

Highly flexible fixed income portfolio with dynamic downside risk control

Indicative yield of 3-5% over the medium term and the potential for additional capital returns

Strategic, long-term physical bond holdings combined with shorter-term risk hedging



"If we can offer yields of 3-5% with the potential for capital gains in addition, low volatility and daily liquidity, that is an attractive proposition to clients in today's market environment. Today, more than ever, fixed income portfolio managers need to demonstrate flexibility in their approaches to both seeking returns and hedging the all-too-apparent risks."

Richard "Dickie" Hodges / Head of Unconstrained Fixed Income

Global Dynamic Bond Fund

Investment Philosophy

The Global Dynamic Bond Fund's objectives are simple – the team invests in fixed income securities globally to produce attractive levels of total return – income and capital – whilst controlling risk.



Unconstrained

The team believes that unconstrained fixed income investing allows the greatest possible diversification of instruments and investment strategies within the fixed income opportunity set.

Attractive return potential with dynamically managed volatility

An unconstrained fixed income portfolio, managed dynamically, can deliver a yield well in excess of cash, with the potential for capital gain, but with less volatility than conventional bond indices, regardless of the future direction of interest rates.

Team Based Approach

A team-based approach allows broader idea generation.

Investment Approach

Our approach is to build a diversified portfolio of cash bond investments, targeting an attractive yield and designed to perform if our medium term strategic views are realised. Greater yield is almost invariably associated with risk – often dominated by interest rate and credit exposure.

The team will only assume such risks where the risk/reward characteristics are favourable and/or efficient hedging strategies can be identified that will mitigate the risks.

The hedging strategies form part of a derivative overlay. Its purpose: to ensure the portfolio is positioned to benefit from shorter-term market themes and influences.

	Seek to understand the “Big Picture” and position accordingly
	Construct a diversified, total-return portfolio
	Top-down research complemented by bottom-up security selection
	Dynamically steer the portfolio through short term market risks and themes

Portfolio Construction

Typically, attractive yields from fixed income can only be achieved through assuming a combination of credit and/or interest rate risk. The Portfolio Management team will construct the portfolio with significant allocations to asset classes if they;

- a) They have the potential to deliver stability or price appreciation within the context of the portfolio manager’s medium term view.
- b) Fixed income derivative instruments exist that allow the manager to efficiently mitigate inherent risks. The investment approach is essentially unconstrained – the portfolio manager has the flexibility to seek the best combination of return and risk across the fixed income spectrum.

BOND PORTFOLIO CONSTRUCTION FLOW

Step 1 From a medium-long term view	Step 2 Short-term opportunities	Step 3 Risk & potential reward
Interest rate / credit cycle	Market themes / risks	Portfolio concentration
Economic fundamentals	Speculative positioning	Correlation of strategies
Corporate fundamentals	Issuance / calls / catalysts	Degree of risk / reward
Utilize in-house view and credit research findings	Valuations	Time horizon
		Hedging strategies

COMBINING DERIVATIVE-BASED HEDGING STRATEGIES

Steps 1 & 2

Identify areas of concern

Step 3

Futures or Swaps: Direct position hedging

Options: Balance “insurance” effect and cost

Reduced-cost option strategy: Direct position hedging

Combine & adjust strategies at portfolio level

Risk Control

There are few limits on individual asset or asset class allocations beyond the normal UCITS restrictions. However, total portfolio risk is constrained to a 5.75% VaR (monthly, 99% confidence interval).

Risk is monitored by a dedicated department segregated from the investment team. An active dialogue on portfolio risk and its components forms an integral part of the portfolio manager's portfolio construction approach.

MAJOR GUIDELINES

Risk Limit	Max. monthly VaR 5.75%
Min. Rating	B- (at time of investment) ¹
EM Exposures	Max. 30% of NAV
Convertible Bonds	Max. 20% of NAV
FX Risk	Max. 10% of NAV
Equity	Not permitted ² / Equity put options permitted (Equity options can only be used to decrease equity exposure. Max -20%. Premium value max 1.5%.)
Cash	Max. 20% of NAV (Ordinary market conditions)

¹ Up to 30% of NAV for unrated bonds if investment manager judges the bonds are equivalent to B- or higher. Any bond downgraded below B- must be sold within 6 months. Please note that we expect to remove this restriction later in 2019, to allow exposure of up to 5% below B-.

² Equities acquired via corporate action must be sold in six months.

Investment Team

The Portfolio Manager, Richard (“Dickie”) Hodges is one of the pioneers of unconstrained bond investment, growing the Dynamic Bond Trust at Legal & General Investment Management to more than \$3bn before moving to Nomura Asset Management in 2014. He heads a team of 4 investment professionals dedicated to the Fund. Dickie also has access to the skills of Nomura Asset Management’s global team of 140 fixed income professionals.



Richard ‘Dickie’ Hodges

Head of Unconstrained Fixed Income

30+ years' experience

Dickie joined Nomura Asset Management in 2014. He has been in the Industry since 1986, including 7 Years at LGIM, 18 at Gartmore. Dickie is responsible for all decisions on the Global Dynamic Bond Strategy.

Bilal Ishaq Khan

High Yield/Credit Specialist

Bilal joined Nomura Asset Management in 2016. He has been in the Industry since 2004, holding previous positions at Nomura International and Goldman Sachs. Bilal holds a BSc in Corporate Finance.

Kaoru Naganuma

Convertible Bond Specialist

Kaoru joined Nomura Asset Management in 2005. He has been in the industry since 2005 and has a background in fixed income and equity. He holds a MSc in Chemistry.

Fraser Hedgley

Client Portfolio Manager

Fraser joined Nomura Asset Management in 2008. He has been in the industry in 2001, having previously worked for Mercer Investment Consulting in London & Singapore. Fraser holds a MSc in Mathematics and is a CFA charterholder.

Contact Us

For more information, please contact your Nomura Asset Management representative or contact info@nomura-asset.co.uk

EUROPE



Dávide Zur Goldstaub

Southern Europe

+44 (0)20 7521 3453

davide.goldstaub@nomura-asset.co.uk



Francis Paxton

Netherlands/UK Institutional & South Africa

+44 (0)20 7521 2634

francis.paxton@nomura-asset.co.uk



Anne Dillé-Weibel

Insurers

+44 (0)20 7521 1012

anne.dille-weibel@nomura-asset.co.uk



Thomas Mauseth

Scandinavia

+44 (0)20 7521 1015

thomas.mauseth@nomura-asset.co.uk



Simon Cartwright

Consultant Relations

+44 (0)20 7521 1018

simon.cartwright@nomura-asset.co.uk

UK WHOLESALE



Jon Nash

UK & Ireland Wholesale

+44 (0)20 7521 1039

jon.nash@nomura-asset.co.uk



Leigh Fisher

UK Advisory & Strategic Alliances

+44 (0)20 7521 1010

leigh.fisher@nomura-asset.co.uk



Ben Sackitey

UK Wholesale

ben.sackitey@nomura-asset.co.uk

Global Dynamic Bond Fund

Disclosures

This information was prepared by NAM from sources it reasonably believes to be accurate. As with any forms of investment, they carry risks and this material does not have regard to the specific objectives, financial situation or needs of the recipient. Unless otherwise stated, all statements, figures, graphs and other information included in this presentation are as of the date of this presentation and are subject to change without notice. The contents are not intended in any way to indicate or guarantee future investment results as the value of investments may go down as well as up. Values may also be affected by exchange rate movements and investors may not get back the full amount originally invested. Before purchasing any investment fund or product, you should read the related prospectus and/or documentation in order to form your own assessment and judgment and, to make an investment decision.

To the extent permitted by law, NAM does not accept liability for any statement, opinion, information or matter (express or implied) arising out of, contained in or derived from, or any omission from this presentation, whether negligent or otherwise. This report may not be reproduced, distributed or published by any recipient without the written permission of NAM.

The UCITS fund is a sub-fund of Nomura Funds Ireland plc, which is authorised by the Central Bank of Ireland as an open-ended umbrella investment company with variable capital and segregated liability between its sub-funds, established as an undertaking for Collective Investment in Transferable Securities under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011. The UCITS fund is not intended for distribution to or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation.

NAM UK is authorised and regulated by the Financial Conduct Authority.

Nomura Funds Ireland plc is authorised by the Central Bank of Ireland as an open-ended umbrella investment company with variable capital and segregated liability between its sub-funds, established as an undertaking for Collective Investment in Transferable Securities under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011.

The prospectus, key investor information document (KIID) and other fund related materials are available on the NAM UK website at www.nomura-asset.co.uk.