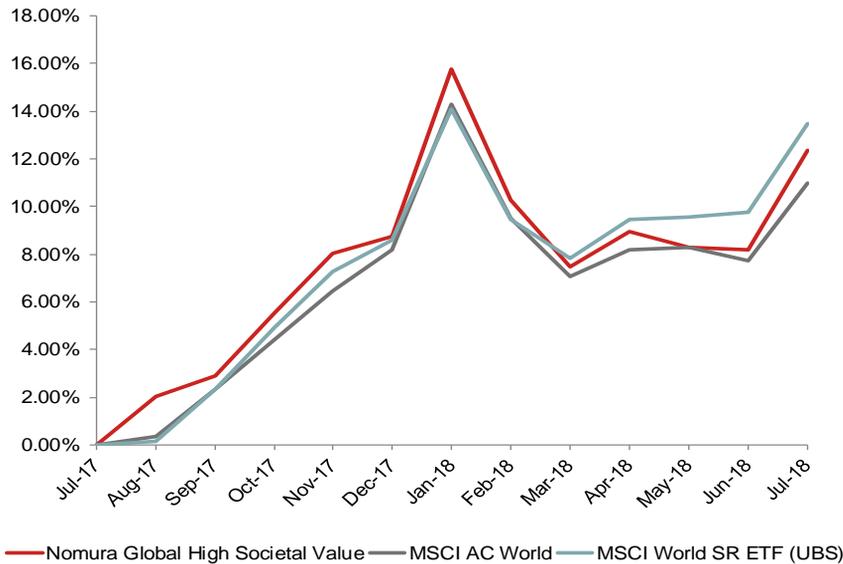


Nomura's Global High Societal Value Strategy

July 2018

Cumulative Performance in USD (%)



Strategy Overview

Global investment in high societal value businesses at discount valuation.

Philosophy

- High Societal Value: high total value creation, fair value sharing among all stakeholders, good corporate governance and ethical management decision making are all characteristics of companies that have a highly positive impact on society. Such companies can often also generate attractive financial returns so allocating capital to these companies can be beneficial to society at large as well as from an investment return perspective.
- Discount Valuation: buying below intrinsic value and we believe the behavioural biases of other investors give us opportunities to do this.

	1 mth	3 mth	6 mth	SI
Nomura Global High Societal Value	3.87%	3.12%	-2.95%	12.35%
MSCI AC World	3.02%	2.59%	-2.91%	10.97%
MSCI World SR ETF (UBS)	3.38%	3.66%	-0.54%	13.47%

Monthly Commentary

The Nomura Global High Societal Value strategy returned +3.87% in July outperforming MSCI ACWI (+3.02%) by +0.85% and the MSCI World Socially Responsible ETF (UBS) (+3.38%) by +0.49%. The strategy now has a one year publicly reported paper track record and has outperformed MSCI ACWI by +1.38% over the period, whilst underperforming the MSCI World Socially Responsible ETF (UBS) by -1.12%.

The strategy benefitted from both its overweight to healthcare and selection within the sector; Johnson and Johnson in particular rose (+9.2%) driven by second quarter earnings that were boosted by robust prescription drugs business growth. Johnson Controls (+12.1%) was the largest single contributor over the period as both the company itself and close peers delivered surprisingly strong organic growth numbers across second quarter earnings announcements.

The weakest performing stocks over the month were eBay (-7.7%), as the company's gross merchandise volumes decelerated faster than had been expected catalysing fears over increasing competition within the space, and Safaricom (-4.5%), which traded off in line with the broader Nairobi Stock Exchange. Safaricom remains one of our best ideas in terms of both fundamental outlook and positive societal impact, and we will prudently look to add to the position if there is a further selloff of the broader market.

This strategy is currently managed as a 'paper portfolio'. As such all holdings & performance returns are synthetic. Performance data if presented is exclusive of all associated investment management fees (e.g. transaction costs and administration fees). This information was prepared and issued by Nomura Asset Management UK Ltd. from sources it reasonably believes to be accurate. 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. NAM UK is authorised and regulated by the Financial Conduct Authority (FCA) in the UK (registration no. 122703). NAM UK's registered office is at 1 Angel Lane, London, EC4R 3AB.

Nomura's Global High Societal Value Strategy

July 2018

Portfolio Holdings

Holdings as at 31/07/2018	Portfolio Weight (%)	Reason for holding this stock
Novo Nordisk A/S Class B	5.5%	Diabetes drugs add substantial value, and we believe pricing practices are not overly aggressive
Johnson & Johnson	4.9%	The company is very strong on overall sustainability and ethical practices
PayPal Holdings Inc	4.9%	Enables global access to 'banking' type services, notably across developing markets in which access is otherwise limited
Alphabet Inc. Class A	4.7%	World leader in developing technology, with what we believe to be sustainable practices and treatment of stakeholders
Microsoft Corporation	4.6%	Products add substantial value whilst the company's data centre business is energy efficient
Eversource Energy	4.5%	Decent quality, low emitting utility with a significant proportion of operations related to renewables
Johnson Controls	4.2%	JCI's HVAC technology has improved building energy efficiency by 40% over the last decade
Waters Corp	4.1%	Products are geared towards life science product, food and water purity
Apple Inc.	3.8%	Pioneered digital use cases for mobile phones which continues to benefit society greatly
Mastercard Inc. Class A	3.7%	Replacing cash with card payments adds substantial value to society and reduces inefficiency in the banking system
Safaricom Limited	3.5%	Mobile money services assist financial inclusion in Kenya
Booking Holdings Inc.	3.4%	Provides customer access to cheaper options, whilst increasing vendor exposure
eBay, Inc.	3.4%	Online auction platform lowers the barriers to entry for small businesses supporting financial mobility and innovation
Orange	3.3%	Decent quality telecom with robust practices; we believe telcos add value through enabling global communication
Swedabank	3.0%	High quality bank, which in our view is well governed
CVS Health Corp	2.9%	Facilitates access to lower priced generic drugs
Celgene Corp	2.9%	Offers best-in-class therapies for Multiple Myeloma. The price point for Revlimid is high, but on balance we do not find it overly excessive, and we note that increases have been in-line with inflation over the last three years
NextEra Energy, Inc.	2.7%	Global leader in renewables investment and renewable generator operation
Signify NV	2.7%	Core operation is the manufacturing of residential and commercial & industrial LED lighting solutions that support large reductions in energy usage
Allianz SE	2.5%	Very strong on sustainability and responsible investing
Pentair	2.5%	Products are focused primarily on residential & commercial water filtration & flow, supporting increased purity and water quality
AIA Group Limited	2.5%	Fundamentally business operations - providing life insurance to APAC clients - add value, and we feel that the group is generally run in a sustainable manner
SAP SE	2.2%	Significant benefit to business customers in streamlining operations
Compass Group	2.2%	Improving efficiency and food/catering services for workers and clients of offices, factories, hospitals, care homes and schools
Becton, Dickinson and Co.	2.1%	World leading producer of safety products for patients and healthcare workers
Gilead Sciences, Inc.	2.1%	World leading HIV drug treatment. We believe pricing practices and treatment of customers to be fair
Jain Irrigation Systems Ltd	2.0%	Irrigation products and research/development provide huge support for agricultural yields across India
Adecco	2.0%	Facilitates employment especially across blue collar roles
Axa SA	1.9%	Standout within the insurance space for its incorporation of ESG factors into underwriting.
Housing Devp. Finance.	1.9%	Increasing the accessibility of housing and business expansion across India
Ross Stores, Inc.	1.8%	Increases efficiency across the broader clothing retail industry (lowering waste), and supports clothing accessibility
USD	1.5%	N/A
Total	100.0%	

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