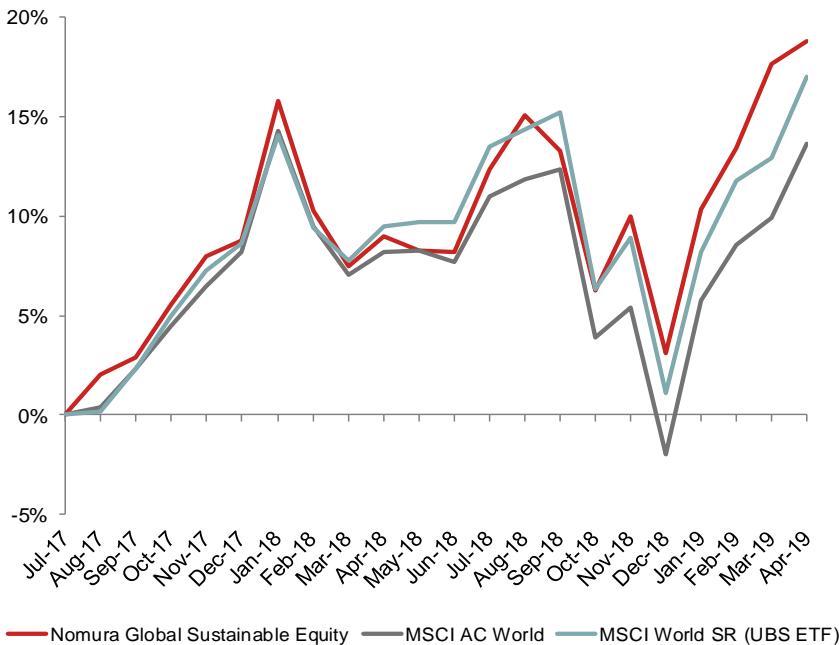


# Nomura's Global Sustainable Equity Strategy

April 2019

## Cumulative Performance in USD (%)



## Strategy Overview

Global investment in businesses exhibiting high sustainable value creation, at discount valuation

## Philosophy

- Sustainable Value Creation: high total value generation, 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. Through achieving a sustainable balance of value creation for all stakeholders these businesses can often generate attractive financial returns and considerable benefit to society as a whole over the very long term
- 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	1 yr	SI p.a
Nomura Global Sustainable Equity	0.96	7.62	9.02	10.35
MSCI AC World	3.38	7.48	5.06	7.60
MSCI World SR (UBS ETF)	3.63	8.19	6.86	9.42

\*Since Inception: August 2017

## Monthly Commentary

Following an exceptional March, April was a very tough month for the Global Sustainable Equity Fund with the strategy giving back much of the previous month's outperformance. The strategy returned 0.96%, lagging MSCI ACWI by -2.42% and the UBS MSCI World Socially Responsible ETF by -2.67%. This was driven in part by a sharp market rotation out of 'quality' and US healthcare exposure, which again suffered from market sentiment around Medicare For All rhetoric and the potential sector implications.

Waters -15.2% and Pentair -12.0% were the primary detractors to performance with both companies delivering disappointing quarterly earnings and revised guidance. Whilst the Waters position was aggressively reduced following an exceptional run in Q1, in hindsight it should have been reduced further. SAP +11.0% and Microsoft +10.7% were the primary contributors to performance. SAP rallied on strong results and the announcement that Elliot had taken a stake in the company whilst Microsoft again delivered standout results particularly across cloud computing segments.

The Fund officially launched with internal seed capital on April 15th and has performed inline with MSCI ACWI to date (-0.11% relative).

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## Portfolio Holdings

April 2019

Holdings as at 30/04/2019	Portfolio Weight (%)	Reason for holding this stock
Microsoft Corporation	4.9%	Has shown an industry leading commitment to sustainability and corporate social responsibility
Novo Nordisk A/S Class B	4.6%	Best in class diabetes treatment has a crucial role to play in combating the impact of an ever growing global epidemic
Alphabet Inc. Class A	4.5%	World leader in technology. Global inequality can be tackled through equal access to information & data
PayPal Holdings Inc	4.4%	Enables global access to 'banking' type services, notably across developing markets in which access is otherwise limited
MasterCard Inc. Class A	3.8%	Replacing cash with card payments adds substantial value to society, reducing inefficiency and friction in the banking system
Medtronic Plc	3.7%	World leading cardiac & vascular medtech offering (cardiovascular disease is the number one killer globally)
SAP SE	3.6%	Products & services facilitate the streamlining of customer's operations reducing friction and supporting economic growth
Axa SA	3.6%	Industry leader with regards to responsibility - formally integrates ESG into insurance underwriting practices
Safaricom Limited	3.6%	Replacing cash with card payments adds substantial value to society, reducing inefficiency and friction in the banking system
Allianz SE	3.5%	Very strong sustainability and responsible investment practices
Johnson Controls	3.3%	JCI's HVAC technology has improved building energy efficiency by 40% over the last decade
Nestle SA	3.3%	Creates vast employment and makes huge investment in its supply chain within the poorest nations
Apple Inc.	3.2%	Pioneer of the smart phone: mobile digitalisation has supported economic growth and reduced inequality globally
GlaxoSmithKline Plc	3.2%	Drug manufacturer with leading vaccine, HIV and asthma franchises. Has consistently led the Access to Medicine Index.
Gilead Sciences, Inc.	3.1%	World leader in HIV treatment. Donated patents for production in low income regions (11m sufferers receive this low cost treatment)
Becton, Dickinson and Co.	3.0%	World leading producer of medical devices and instruments
Orange	3.0%	Decent quality telecom with robust practices; we believe telcos add value through enabling global communication
AIA Group Limited	3.0%	Life insurance provider to APAC clients with sustainable management practices
Pentair	2.9%	Water filtration & flow control products support increased water purity and quality
Waters Corp	2.9%	Analytical laboratory instrument product range used to ensure drug, water and food quality & purity
Johnson & Johnson	2.8%	Industry leader with regards to sustainability and ethical practices
Smith (A.O.) Corp	2.8%	Global leader in high efficiency residential water heaters. Strong water purification franchise particularly across China
National Grid Plc	2.7%	Huge investment in electricity transmission is supporting the shift from fossil fuel generation to renewables
NextEra Energy, Inc.	2.7%	Global leader in renewables investment and renewable generator operation
Intel Corp	2.7%	#1 CPU supplier for servers that reside in cloud datacentres. Cloud datacentres aggregate workloads and increase utilisation rates
Eversource Energy	2.7%	High quality, low emitting utility. Significant proportion of future investment will support a transition to lower carbon intensity
Adecco	2.5%	Largest temp staffing firm globally; facilitating increased access to employment, most notably across blue collar roles
Compass Group	2.1%	Outsourced catering services to both the private & public sectors have been shown to increase efficiency and reduce waste output
Cigna Corporation	2.0%	Succeeds by making healthcare more affordable than competitors, supporting healthcare cost depression for customers
CVS Health Corp	1.7%	Pharmacy Benefit Manager business acts a powerful deflationary force against rapidly rising healthcare costs in the United States
eBay, Inc.	1.3%	Online auction platform lowers the barriers to entry for small businesses supporting financial mobility and innovation
Cash	2.9%	N/A
<b>Total</b>	<b>100.0%</b>	

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.