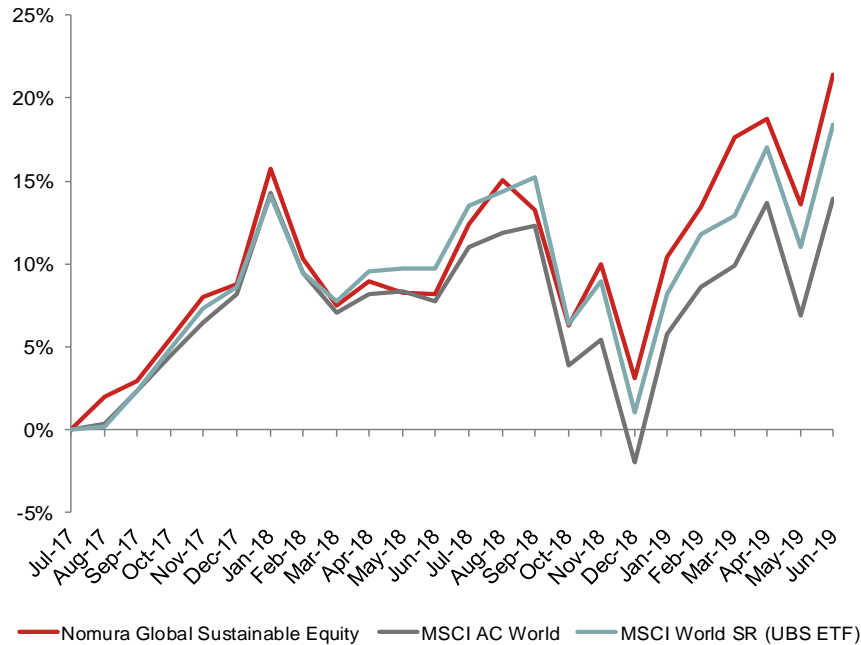


Nomura's Global Sustainable Equity Strategy

June 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	6.87	3.19	12.24	10.66
MSCI AC World	6.55	3.61	5.74	7.04
MSCI World SR (UBS ETF)	6.72	4.87	7.93	9.24

*Since Inception: August 2017

Monthly Commentary

The Global Sustainable Equity Fund returned 6.87% in June outperforming MSCI ACWI by 0.32% and underperforming the UBS MSCI World SRI ETF by 0.15%. Outperformance relative to ACWI was driven by stock selection most notably within Industrials and Financials.

The strongest contributors were AO Smith (+16.44%) and AIA Group (+14.83%). AO Smith recovered strongly as the market began to shake off the unsubstantiated short seller reports that hit the stock in May and further benefitted from a strong recovery in industrials over the month. AIA rallied on improving sentiment around China and relations with the US, and whilst we continue to believe that AIA is exceptionally well positioned over the long term we took steps to prudently reduce our position size at these levels.

The greatest performance detractor was Alphabet (-2.14%) following reports that the DoJ has launched anti-monopoly investigations into the company. Whilst we, and the company, appreciate the concerns we would expect any actions taken to have a limited impact and actually see potential value generation should the company be forced to break up given the clear discount Alphabet trades at to a sum of the parts valuation.

The strategy has outperformed MSCI ACWI by +1.91% since the live launch on April 15th this year, and +7.80% since the publicly reported paper track record was launched on July 31st 2017.

This strategy was managed as a 'paper portfolio' from July 2017 until the launch of the UCITS fund on 15 April 2019. As such all performance returns prior to the UCITS fund launch 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 Sustainable Equity Strategy

Portfolio Holdings

June 2019

Holdings as at 28/06/2019	Portfolio Weight (%)	Reason for holding this stock
Novo Nordisk A/S Class B	4.7%	Best in class diabetes treatment has a crucial role to play in combating the impact of an ever growing global epidemic
Microsoft Corporation	4.5%	Has shown an industry leading commitment to sustainability and corporate social responsibility
Alphabet Inc. Class A	4.2%	World leader in technology. Global inequality can be tackled through equal access to information & data
PayPal Holdings Inc	4.1%	Enables global access to 'banking' type services, notably across developing markets in which access is otherwise limited
Medtronic Plc	4.0%	World leading cardiac & vascular medtech offering (cardiovascular disease is the number one killer globally)
MasterCard Inc. Class A	3.9%	Replacing cash with card payments adds substantial value to society, reducing inefficiency and friction in the banking system
SAP SE	3.8%	Products & services facilitate the streamlining of customer's operations reducing friction and supporting economic growth
Johnson Controls	3.6%	JCI's HVAC technology has improved building energy efficiency by 40% over the last decade
Allianz SE	3.5%	Very strong sustainability and responsible investment practices
Axa SA	3.5%	Industry leader with regards to responsibility - formally integrates ESG into insurance underwriting practices
Nestle SA	3.4%	Creates vast employment and makes huge investment in its supply chain within the poorest nations
Waters Corp	3.4%	Analytical laboratory instrument product range used to ensure drug, water and food quality & purity
Safaricom Limited	3.4%	Mobile money services assist financial inclusion in Kenya, reducing friction in the economy and supporting growth
Smith (A.O.) Corp	3.4%	Global leader in high efficiency residential water heaters. Strong water purification franchise particularly across China
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)
Apple Inc.	3.1%	Pioneer of the smart phone: mobile digitalisation has supported economic growth and reduced inequality globally
Becton, Dickinson and Co.	3.1%	World leading producer of medical devices and instruments
GlaxoSmithKline Plc	3.0%	Drug manufacturer with leading vaccine, HIV and asthma franchises. Has consistently led the Access to Medicine Index.
Orange	2.9%	Decent quality telecom with robust practices; we believe telcos add value through enabling global communication
National Grid Plc	2.9%	Huge investment in electricity transmission is supporting the shift from fossil fuel generation to renewables
Johnson & Johnson	2.7%	Industry leader with regards to sustainability and ethical practices
Pentair	2.7%	Water filtration & flow control products support increased water purity and quality
Adecco	2.6%	Largest temp staffing firm globally; facilitating increased access to employment, most notably across blue collar roles
Eversource Energy	2.5%	High quality, low emitting utility. Significant proportion of future investment will support a transition to lower carbon intensity
NextEra Energy, Inc.	2.5%	Global leader in renewables investment and renewable generator operation
AIA Group Limited	2.5%	Life insurance provider to APAC clients with sustainable management practices
Intel Corp	2.5%	#1 CPU supplier for servers that reside in cloud datacentres. Cloud datacentres aggregate workloads and increase utilisation rates
Compass Group	2.2%	Outsourced catering services to both the private & public sectors have been shown to increase efficiency and reduce waste output
Cigna Corporation	1.9%	Succeeds by making healthcare more affordable than competitors, supporting healthcare cost depression for customers
Network International	1.8%	Supports financial inclusion across the Middle East and Africa through its payment solutions operations
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	1.6%	N/A
Total	100.0%	

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