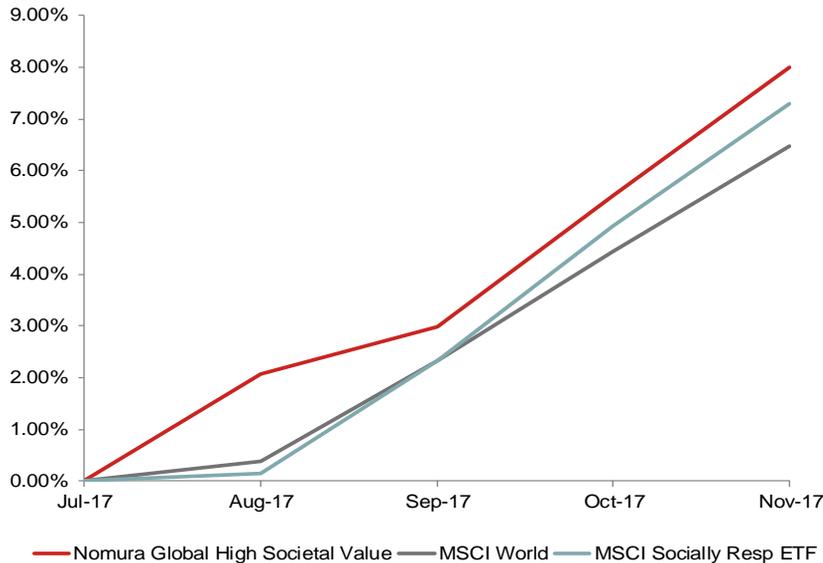


# Nomura's Global High Societal Value Strategy

November 2017

## 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	QTD	3 mth	SI
Nomura Global High Societal Value	2.36%	4.88%	5.81%	8.01%
MSCI World	1.94%	4.05%	6.06%	6.47%
MSCI Socially Resp ETF	2.23%	4.85%	7.13%	7.29%

## Monthly Commentary

The Global High Societal Value strategy returned +2.36% over the month, 0.42% and 0.12% ahead of the MSCI ACWI benchmark (+1.94%) and MSCI World SRI (2.23%) respectively, with very strong intra month performance partially given back towards the end of the period as a vicious reversal in US technology stocks weighed on PayPal and MasterCard. Since launch the paper strategy has outperformed MSCI ACWI by +1.54%, and the MSCI World SRI by 0.73%.

Ross Stores (+19.9%) and CVS (+11.8%) were the largest contributors to outperformance over the month. Ross Stores continued its recent run of reporting results substantially ahead of market expectations, delivering comparable store sales of +4% and growing earnings by 16% in the third quarter, whilst CVS recovered some of its losses in the prior month as the market became more positive on the potential acquisition of Aetna and fears partially subsided with regards to Amazon's entry into the pharmacy sector. Priceline (-9.0%) was the largest detractor following guidance for a deceleration in bookings growth and a change in advertising strategy, however whilst we view the update as disappointing we do not believe that the long term secular growth opportunity has changed and continue to maintain our significant weighting.

We initiated positions in two Healthcare names over the period: Celgene the best in class therapy provider for multiple myeloma, and Waters Corp, which is geared towards life science product, food and water purity. The decision was also taken to exit from Persimmon towards the beginning of the month following continued strong performance which in our view has made risk-reward skew less favourable in the context of uncertainty within the UK housing 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.

## Portfolio Holdings

Holdings as at 30/11/2017	Portfolio Weight (%)	Reason for holding this stock
Ross Stores, Inc.	5.9%	Increases efficiency across the broader clothing retail industry (lowering waste), and supports clothing accessibility
Alphabet Inc. Class A	5.7%	World leader in developing technology, with what we believe to be sustainable practices and treatment of stakeholders
Novo Nordisk A/S Class B	5.7%	Diabetes drugs add substantial value, and we believe pricing practices are not overly aggressive
PayPal Holdings Inc	5.5%	Enables global access to 'banking' type services, notably across developing markets in which access is otherwise limited
Compass Group PLC	5.0%	Improving efficiency and food/catering services for workers and clients of offices, factories, hospitals, carehomes and schools
Priceline Group Inc	5.0%	Provides customer access to cheaper options, whilst increasing vendor exposure
Microsoft Corporation	4.6%	Products add substantial value whilst the company's data centre business is energy efficient
Swedbank AB Class A	4.3%	High quality bank, which in our view is decent quality and well governed
Mastercard Inc. Class A	4.2%	Replacing cash with card payments adds substantial value to society and reduces inefficiency in the banking system
CVS Health Corporation	4.1%	Facilitates access to lower priced generic drugs
Allianz SE	4.1%	Very strong on sustainability and responsible investing
SAP SE	3.9%	Significant benefit to business customers in streamlining operations
Johnson & Johnson	3.8%	The company is very strong on overall sustainability and ethical practices
AIA Group Limited	3.8%	Fundamentally business operations - providing life insurance to APAC clients - add value, and we feel that the group is generally run in a sustainable manner
Gilead Sciences, Inc.	3.5%	World leading HIV drug treatment. We believe pricing practices and treatment of customers to be fair
Orange SA	3.4%	Decent quality telecom with robust practices; we believe telcos add value through enabling global communication
METRO AG	3.1%	Wholesale distribution supports efficiency and lower pricing within the broader food retail industry. Furthermore Metro stands out on its organic food offering and is a leader in food sustainability
Eversource Energy	3.0%	Decent quality, low emitting utility with a significant proportion of operations related to renewables
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
Becton, Dickinson and Company	2.9%	World leading producer of safety products for patients and healthcare workers
Apple Inc.	2.6%	Pioneered digital use cases for mobile phones which continues to benefit society greatly
Jain Irrigation Systems Limited	2.3%	Irrigation products and research/development provide huge support for agricultural yields across India
Waters Corp	2.2%	Products are geared towards lifescience product, food and water purity
National Grid plc	2.2%	National Grid's huge investment in electricity transmission is supporting the shift from fossil fuel generation to renewables
Safaricom Limited	2.1%	Mobile money services assist financial inclusion in Kenya
NextEra Energy, Inc.	1.8%	Global leader in renewables investment and renewable generator operation
Housing Devp. Finance Corp.	1.7%	Increasing the accessibility of housing and business expansion across India
USD	0.9%	N/A
<b>Total</b>	<b>100%</b>	

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