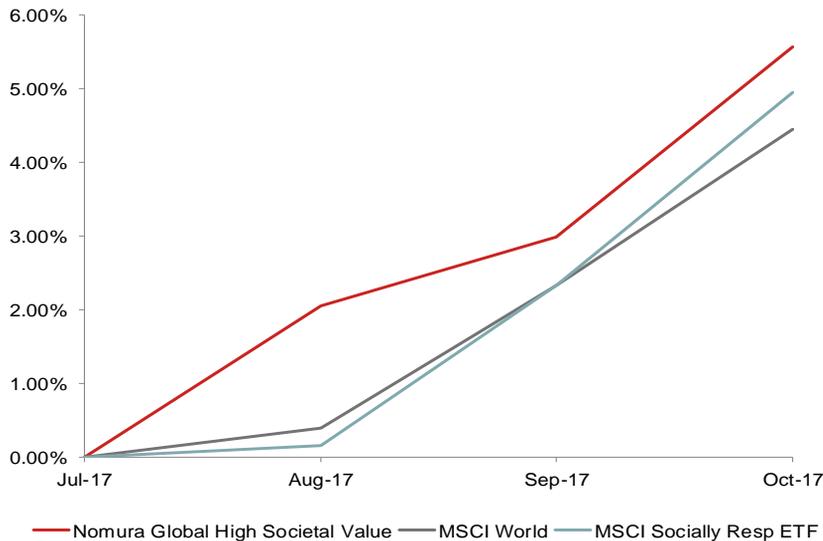


## Nomura's Global High Societal Value Strategy

October 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
<b>Nomura Global High Societal Value</b>	<b>2.50%</b>	<b>2.50%</b>	<b>5.56%</b>	<b>5.56%</b>
MSCI World	2.08%	2.08%	4.45%	4.45%
MSCI Socially Resp ETF	2.55%	2.55%	4.94%	4.94%

### Monthly Commentary

The strategy returned +2.50% over the month, 0.42% ahead of the MSCI ACWI benchmark (+2.08%) and 0.05% behind MSCI World SRI (+2.54%), as very strong performance from our Technology holdings was offset by weaker performance in Consumer Staples and Financials. Over the first three months since launch the paper strategy has outperformed MSCI ACWI by +1.11%, and the MSCI World SRI by +0.62%.

PayPal (+13.3%) and Microsoft (+11.7%) were the strongest performers over the month, with both companies delivering very strong Q3 earnings that were well ahead of market expectations. PayPal in particular saw a notable acceleration in active user growth rates and achieved impressive operating leverage. We continue to see value in PayPal, despite the very strong performance, and furthermore believe the company generates significant total stakeholder value through the enabling of global access to banking type services (particularly within developing markets in which access can otherwise be limited). However, we took the opportunity to take some profits from both Ross Stores and PayPal to partially fund new positions in National Grid, MasterCard and Metro AG.

CVS (-15.3%) and Swedbank (-10.0%) were the largest performance detractors with the former being hit by market concerns over news that Amazon has obtained wholesale pharmacy licenses in 12 states and also the announcement that CVS had offered \$200 a share (a 25% premium) to acquire health insurer Aetna. We continue to monitor both events closely.

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 31/10/2017	Portfolio Weight (%)	Reason for holding this stock
Alphabet Inc. Class A	6.4%	World leader in developing technology, with what we believe to be sustainable practices and treatment of stakeholders
Novo Nordisk A/S Class B	6.2%	Diabetes drugs add substantial value, and we believe pricing practices are not overly aggressive
Compass Group PLC	6.1%	Improving efficiency and food/catering services for workers and clients of offices, factories, hospitals, carehomes and schools
PayPal Holdings Inc	6.0%	Enables global access to 'banking' type services, notably across developing markets in which access is otherwise limited
Priceline Group Inc	5.5%	Provides customer access to cheaper options, whilst increasing vendor exposure
Ross Stores, Inc.	5.2%	Increases efficiency across the broader clothing retail industry (lowering waste), and supports clothing accessibility
Microsoft Corporation	5.0%	Products add substantial value whilst the company's data centre business is energy efficient
Swedbank AB Class A	4.6%	High quality bank, which in our view is decent quality and well governed
Mastercard Inc. Class A	4.6%	Replacing cash with card payments adds substantial value to society and reduces inefficiency in the banking system
Allianz SE	4.3%	Very strong on sustainability and responsible investing
SAP SE	4.2%	Significant benefit to business customers in streamlining operations
CVS Health Corporation	3.8%	Facilitates access to lower priced generic drugs
Johnson & Johnson	3.7%	The company is very strong on overall sustainability and ethical practices
METRO AG	3.7%	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
AIA Group Limited	3.6%	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.	3.6%	World leading HIV drug treatment. We believe pricing practices and treatment of customers to be fair
Orange SA	3.5%	Decent quality telecom with robust practices; we believe telcos add value through enabling global communication
Eversource Energy	2.9%	Decent quality, low emitting utility with a significant proportion of operations related to renewables
Apple Inc.	2.8%	Pioneered digital use cases for mobile phones which continues to benefit society greatly
Becton, Dickinson and Company	2.7%	World leading producer of safety products for patients and healthcare workers
Persimmon Plc	2.3%	Building homes that the UK needs, with a high proportion of affordable housing
National Grid plc	2.0%	National Grid's huge investment in electricity transmission is supporting the shift from fossil fuel generation to renewables
Safaricom Limited	2.0%	Mobile money services assist financial inclusion in Kenya
NextEra Energy, Inc.	1.8%	Global leader in renewables investment and renewable generator operation
Jain Irrigation Systems Limited	1.8%	Irrigation products and research/development provide huge support for agricultural yields across India
Housing Devp. Finance Corp.	1.8%	Increasing the accessibility of housing and business expansion across India
<b>Total</b>	<b>100%</b>	

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