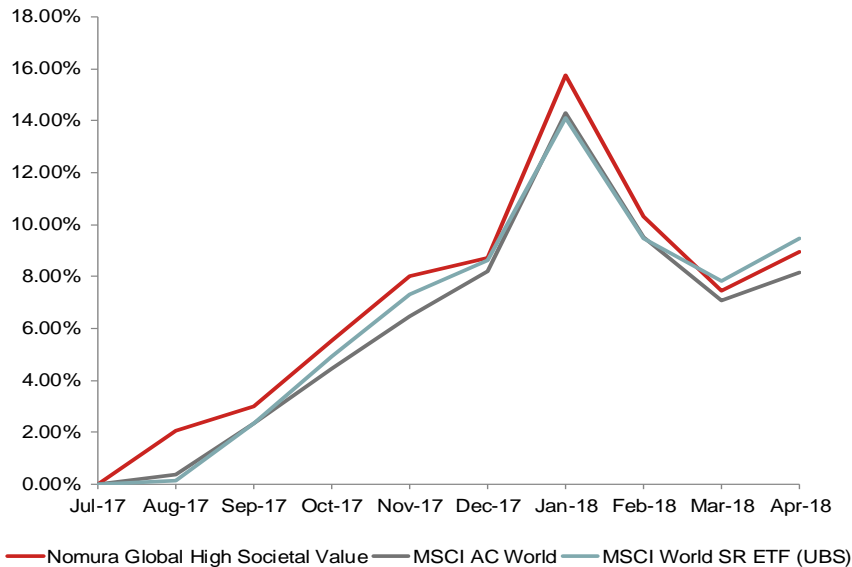


# Nomura's Global High Societal Value Strategy

April 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	1.39%	-5.87%	3.26%	8.96%
MSCI AC World	1.03%	-5.36%	3.56%	8.17%
MSCI World SR ETF (UBS)	1.52%	-4.06%	4.32%	9.46%

## Monthly Commentary

The Nomura Global High Societal Value returned 1.39% in April, outperforming MSCI ACWI (1.03%) by 0.36% and underperforming the MSCI World Socially Responsible ETF (UBS) (1.52%) by -0.13%. Since inception the strategy has outperformed MSCI ACWI by 0.79% and underperformed the Socially Responsible ETF by -0.49%.

Positive contributors to performance included CVS (+12.9%) and Orange (+7.7%). CVS rallied sharply as the market's perception of the 'Amazon threat' partially subsided on news that Amazon does not have immediate plans to sell prescription drugs. Orange posted decent results towards the end of the month and was further supported by speculation in the media that consolidation in the French telecom industry could be possible.

The negative detractors were primarily Metro AG (-19.1%) and Safaricom (-8.2%). The strategy's position in Metro AG had been reduced substantially coming into the month, following weak trading updates by peers, however we made an error in not exiting the position fully and a worse-than-expected warning towards the end of the month caught both us and the market by surprise.

Over the month we fully exited our position in Metro, given the significant deterioration in the outlook for already thin margins, and we took the opportunity to initiate a position in eBay. We believe eBay generates substantial societal value through its online auction platform, which lowers the barriers to entry for small businesses supporting financial mobility and innovation. eBay is currently in the process of making changes to its marketplace website that we believe will accelerate growth ahead of market expectations.

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 30/04/2018	Portfolio Weight (%)	Reason for holding this stock
Compass Group PLC	5.8%	Improving efficiency and food/catering services for workers and clients of offices, factories, hospitals, care homes and schools
Booking Holdings Inc	5.7%	Provides customer access to cheaper options, whilst increasing vendor exposure
Novo Nordisk A/S Class B	5.2%	Diabetes drugs add substantial value, and we believe pricing practices are not overly aggressive
Alphabet Inc. Class A	5.1%	World leader in developing technology, with what we believe to be sustainable practices and treatment of stakeholders
Microsoft Corporation	5.1%	Products add substantial value whilst the company's data centre business is energy efficient
Mastercard Inc. Class A	5.0%	Replacing cash with card payments adds substantial value to society and reduces inefficiency in the banking system
CVS Health Corporation	4.9%	Facilitates access to lower priced generic drugs
PayPal Holdings Inc	4.5%	Enables global access to 'banking' type services, notably across developing markets in which access is otherwise limited
Apple Inc.	4.4%	Pioneered digital use cases for mobile phones which continues to benefit society greatly
Orange SA	3.6%	Decent quality telecom with robust practices; we believe telcos add value through enabling global communication
Johnson & Johnson	3.5%	The company is very strong on overall sustainability and ethical practices
Swedbank AB Class A	3.5%	High quality bank, which in our view is decent quality and well governed
Ross Stores, Inc.	3.4%	Increases efficiency across the broader clothing retail industry (lowering waste), and supports clothing accessibility
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
Allianz SE	2.8%	Very strong on sustainability and responsible investing
Axa SA	2.8%	Standout within the insurance space for its incorporation of ESG factors into underwriting.
Eversource Energy	2.7%	Decent quality, low emitting utility with a significant proportion of operations related to renewables
Johnson Controls	2.7%	JCI's HVAC technology has improved building energy efficiency by 40% over the last decade
AIA Group Limited	2.6%	Fundamentally business operations - providing life insurance to APAC clients - add value, and we feel that the group is generally run in a sustainable manner
Safaricom Limited	2.3%	Mobile money services assist financial inclusion in Kenya
SAP SE	2.2%	Significant benefit to business customers in streamlining operations
Jain Irrigation Systems Limited	2.2%	Irrigation products and research/development provide huge support for agricultural yields across India
National Grid plc	2.1%	National Grid's huge investment in electricity transmission is supporting the shift from fossil fuel generation to renewables
Waters Corp	2.1%	Products are geared towards life science product, food and water purity
Gilead Sciences, Inc.	2.0%	World leading HIV drug treatment. We believe pricing practices and treatment of customers to be fair
eBay, Inc.	2.0%	Online auction platform lowers the barriers to entry for small businesses supporting financial mobility and innovation
Housing Devp. Finance Corp.	1.9%	Increasing the accessibility of housing and business expansion across India
NextEra Energy, Inc.	1.9%	Global leader in renewables investment and renewable generator operation
USD	2.5%	N/A
<b>Total</b>	<b>100.0%</b>	

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