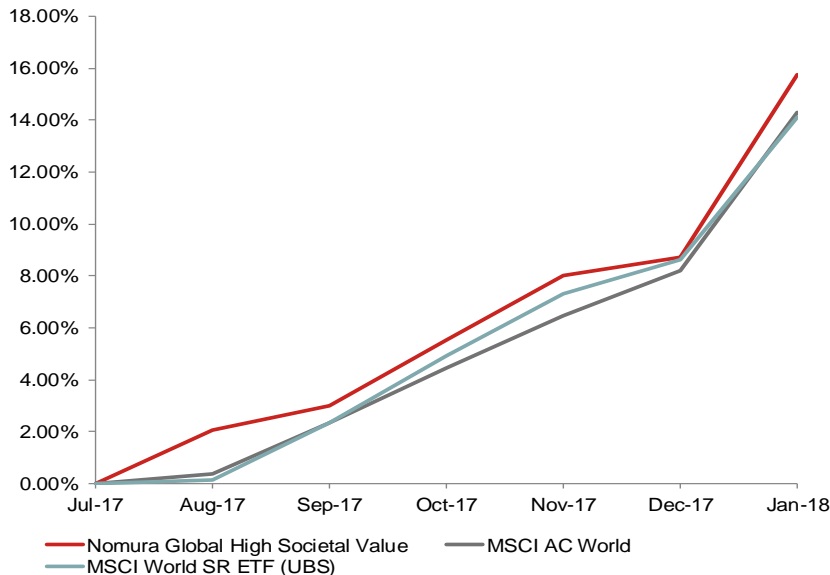


Nomura's Global High Societal Value Strategy

January 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 | 6.46% | 9.70% | 15.76% | 15.76% |
| MSCI AC World | 5.64% | 9.42% | 14.29% | 14.29% |
| MSCI World SR ETF (UBS) | 5.04% | 8.73% | 14.08% | 14.08% |

Monthly Commentary

The Nomura Global High Societal Value strategy had a strong start to the year rising +6.46% in January, outperforming MSCI ACWI (+5.64%) and the MSCI World Socially Responsible ETF (UBS) (+5.04%) by 82bps and 142bps respectively. The strategy has outperformed MSCI ACWI and the MSCI World Socially Responsible ETF (UBS) by 1.47% and 1.68% since the inception in August 2017.

Whilst the strategy suffered again from being overweight to the utilities and telecoms sectors, our overweight to IT and strong selection within consumer staples more than offset these headwinds. The greatest contributors to performance at stock level were Paypal (+15.89%), Alphabet (+12.23%) and Gilead (+16.97%). The latter benefited from competitor Abbvie posting strong Hepatitis C drug sales that catalysed a number of sell slide upgrades, whilst Paypal and Alphabet were supported by an exceptional start to the year for US technology.

The greatest detractors to performance were Celgene (-3.07%) and Compass Group (-1.16%). Compass suffered in part from a very weak dollar in January (most of its profits are derived from the US) whilst the announcement that Celgene would acquire biotech company Juno weighed on the stock.

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 31/01/2018 | Portfolio Weight (%) | Reason for holding this stock |
|---------------------------------|----------------------|---|
| Alphabet Inc. Class A | 6.0% | World leader in developing technology, with what we believe to be sustainable practices and treatment of stakeholders |
| PayPal Holdings Inc | 5.4% | Enables global access to 'banking' type services, notably across developing markets in which access is otherwise limited |
| Compass Group PLC | 5.3% | Improving efficiency and food/catering services for workers and clients of offices, factories, hospitals, care homes and schools |
| Novo Nordisk A/S Class B | 5.2% | Diabetes drugs add substantial value, and we believe pricing practices are not overly aggressive |
| CVS Health Corporation | 5.2% | Facilitates access to lower priced generic drugs |
| Priceline Group Inc | 5.1% | Provides customer access to cheaper options, whilst increasing vendor exposure |
| Microsoft Corporation | 4.9% | Products add substantial value whilst the company's data centre business is energy efficient |
| Mastercard Inc. Class A | 4.4% | Replacing cash with card payments adds substantial value to society and reduces inefficiency in the banking system |
| Swedbank AB Class A | 4.3% | High quality bank, which in our view is decent quality and well governed |
| SAP SE | 4.2% | Significant benefit to business customers in streamlining operations |
| Allianz SE | 4.1% | Very strong on sustainability and responsible investing |
| Apple Inc. | 3.7% | Pioneered digital use cases for mobile phones which continues to benefit society greatly |
| Gilead Sciences, Inc. | 3.7% | World leading HIV drug treatment. We believe pricing practices and treatment of customers to be fair |
| Johnson & Johnson | 3.6% | The company is very strong on overall sustainability and ethical practices |
| Orange SA | 3.3% | Decent quality telecom with robust practices; we believe telcos add value through enabling global communication |
| AIA Group Limited | 3.3% | Fundamentally business operations - providing life insurance to APAC clients - add value, and we feel that the group is generally run in a sustainable manner |
| Celgene Corp | 3.2% | 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 | 2.8% | World leading producer of safety products for patients and healthcare workers |
| Eversource Energy | 2.7% | Decent quality, low emitting utility with a significant proportion of operations related to renewables |
| Safaricom Limited | 2.7% | Mobile money services assist financial inclusion in Kenya |
| Ross Stores, Inc. | 2.6% | Increases efficiency across the broader clothing retail industry (lowering waste), and supports clothing accessibility |
| Jain Irrigation Systems Limited | 2.5% | Irrigation products and research/development provide huge support for agricultural yields across India |
| Waters Corp | 2.2% | Products are geared towards lifesceience product, food and water purity |
| METRO AG | 2.1% | 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 |
| National Grid plc | 1.9% | National Grid's huge investment in electricity transmission is supporting the shift from fossil fuel generation to renewables |
| Housing Devp. Finance Corp. | 1.9% | Increasing the accessibility of housing and business expansion across India |
| NextEra Energy, Inc. | 1.7% | Global leader in renewables investment and renewable generator operation |
| USD | 2.1% | N/A |
| Total | 100.0% | |

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