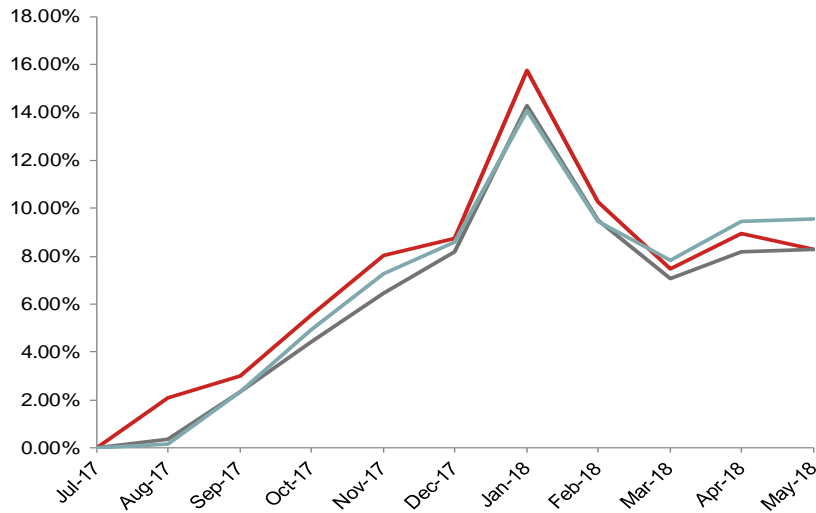


Nomura's Global High Societal Value Strategy

May 2018

Cumulative Performance in USD (%)



— Nomura Global High Societal Value — MSCI AC World — MSCI World SR ETF (UBS)

	1 mth	3 mth	6 mth	SI
Nomura Global High Societal Value	-0.61%	-1.81%	0.27%	8.30%
MSCI AC World	0.12%	-1.08%	1.72%	8.30%
MSCI World SR ETF (UBS)	0.08%	0.09%	2.11%	9.54%

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.

Monthly Commentary

The Nomura Global High Societal Value Fund returned -0.61% in May underperforming MSCI ACWI (+0.12%) and the MSCI World Socially Responsible ETF (UBS) (+0.08%) by -0.73% and -0.69% respectively. Underperformance was driven by selection across healthcare, industrials and staples whilst allocation was broadly neutral.

Apple (+13.5%) and Paypal (+10.0%) were the strongest performers over the period. Apple was supported by the release of its intention to return \$100bn to shareholders whilst Paypal's announcements that it would acquire iZettle, and updated guidance at its annual investor day drove a recovery in the stock.

The weakest performing stocks over the month were Jain irrigation (-12.3%), which reported full year earnings that highlighted short term margin pressure despite decent top line growth, and Celgene (-9.7%) following negative news flow surrounding its drug pipeline and a broader sell off in US drug price exposed names.

Over the month we initiated a position in Philips Lighting (now Signify); the core operation is the manufacturing of residential and commercial & industrial LED lighting solutions that support large reductions in energy usage. We are further encouraged by the somewhat unique inclusion of sustainability targets within management's remuneration policy.

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 31/05/2018	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
Alphabet Inc. Class A	5.6%	World leader in developing technology, with what we believe to be sustainable practices and treatment of stakeholders
Microsoft Corporation	5.4%	Products add substantial value whilst the company's data centre business is energy efficient
Mastercard Inc. Class A	5.4%	Replacing cash with card payments adds substantial value to society and reduces inefficiency in the banking system
Novo Nordisk A/S Class B	5.3%	Diabetes drugs add substantial value, and we believe pricing practices are not overly aggressive
PayPal Holdings Inc	5.0%	Enables global access to 'banking' type services, notably across developing markets in which access is otherwise limited
Apple Inc.	5.0%	Pioneered digital use cases for mobile phones which continues to benefit society greatly
CVS Health Corporation	4.5%	Facilitates access to lower priced generic drugs
Booking Holdings Inc	4.2%	Provides customer access to cheaper options, whilst increasing vendor exposure
Waters Corp	4.1%	Products are geared towards lifescience product, food and water purity
Orange	3.4%	Decent quality telecom with robust practices; we believe telcos add value through enabling global communication
Johnson & Johnson	3.3%	High quality bank, which in our view is decent quality and well governed
Johnson Controls	3.2%	JCI's HVAC technology has improved building energy efficiency by 40% over the last decade
Safaricom Limited	2.9%	Mobile money services assist financial inclusion in Kenya
Swedbank AB Class A	2.8%	High quality bank, which in our view is decent quality and well governed
AIA Group Limited	2.7%	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	2.6%	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
Eversource Energy	2.6%	Decent quality, low emitting utility with a significant proportion of operations related to renewables
Allianz SE	2.5%	Very strong on sustainability and responsible investing
Signify NV	2.3%	Core operation is the manufacturing of residential and commercial & industrial LED lighting solutions that support large reductions in energy usage
SAP SE	2.2%	Significant benefit to business customers in streamlining operations
National Grid plc	2.0%	National Grid's huge investment in electricity transmission is supporting the shift from fossil fuel generation to renewables
eBay, Inc.	2.0%	Online auction platform lowers the barriers to entry for small businesses supporting financial mobility and innovation
Axa SA	2.0%	Standout within the insurance space for its incorporation of ESG factors into underwriting.
Becton, Dickinson and Co.	2.0%	World leading producer of safety products for patients and healthcare workers
Jain Irrigation Systems Ltd	1.9%	Irrigation products and research/development provide huge support for agricultural yields across India
NextEra Energy, Inc.	1.9%	Global leader in renewables investment and renewable generator operation
Gilead Sciences, Inc.	1.9%	World leading HIV drug treatment. We believe pricing practices and treatment of customers to be fair
Housing Devp. Finance.	1.8%	Increasing the accessibility of housing and business expansion across India
Ross Stores, Inc.	1.7%	Increases efficiency across the broader clothing retail industry (lowering waste), and supports clothing accessibility
USD	1.9%	N/A
Total	100.0%	

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