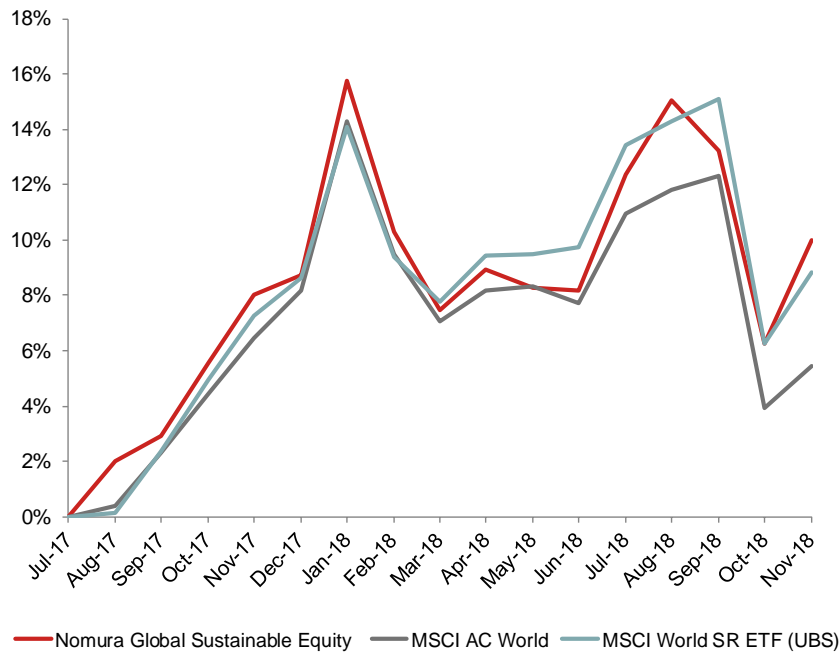


# Nomura's Global Sustainable Equity Strategy

November 2018

## Cumulative Performance in USD (%)



## Strategy Overview

Global investment in businesses exhibiting high sustainable value creation, at discount valuation

## Philosophy

- Sustainable Value Creation: high total value generation, 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. Through achieving a sustainable balance of value creation for all stakeholders these businesses can often generate attractive financial returns and considerable benefit to society as a whole over the very long term.
- 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	1 yr	SI
Nomura Global Sustainable Equity	3.52%	-4.37%	1.85%	10.01%
MSCI AC World	1.46%	-5.73%	-0.98%	5.43%
MSCI World SR ETF (UBS)	2.42%	-4.79%	-0.61%	8.84%

## Monthly Commentary

The Nomura Global Sustainable Equity strategy (+3.52%) performed very strongly in November outperforming MSCI ACWI (+1.46%) and the MSCI World Socially Responsible ETF (UBS) (+2.42%) by 2.06% and 1.11% respectively. Outperformance was driven in part by allocation and the strategy's overweight to more defensive sectors (Healthcare and Utilities) and natural underweight to Energy & Materials. The strategy has outperformed MSCI ACWI and the MSCI World Socially Responsible ETF (UBS) by 4.58% and 1.16% respectively since inception in August 2017.

Novo Nordisk (+7.3%) and HDFC (+19.3%) were the top contributors to performance over the period. The former benefitted from the announcement of very encouraging phase three data results for its oral GLP drug whilst HDFC experienced a substantial easing in the credit crunch facing Indian NBFCs and was further supported by a strong recovery in the Indian stock market in USD terms.

Apple (-18.1%) was the primary detractor driven by market concerns over iPhone XR demand outside of the United States, and multiple warnings within Apple's supply chain.

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## Portfolio Holdings

November 2018

Holdings as at 30/11/2018	Portfolio Weight (%)	Reason for holding this stock
Novo Nordisk A/S Class B	5.2%	Best in class diabetes treatment has a crucial role to play in combating the impact of an ever growing global epidemic
Microsoft Corporation	4.9%	Has shown an industry leading commitment to sustainability and corporate social responsibility
Alphabet Inc. Class A	4.9%	World leader in technology. Global inequality can be tackled through equal access to information & data
Mastercard Inc. Class A	4.4%	Replacing cash with card payments adds substantial value to society, reducing inefficiency and friction in the banking system
Waters Corp	4.4%	Analytical laboratory instrument product range used to ensure drug, water and food quality & purity
Eversource Energy	4.4%	High quality, low emitting utility. Significant proportion of future investment will support a transition to lower carbon intensity
PayPal Holdings Inc	4.2%	Enables global access to 'banking' type services, notably across developing markets in which access is otherwise limited
Apple Inc.	4.1%	Pioneer of the smart phone: mobile digitalisation has supported economic growth and reduced inequality globally
Johnson & Johnson	4.1%	Industry leader with regards to sustainability and ethical practices
Johnson Controls	4.0%	JCI's HVAC technology has improved building energy efficiency by 40% over the last decade
Safaricom Limited	3.6%	Mobile money services assist financial inclusion in Kenya, reducing friction in the economy and supporting growth
AIA Group Limited	3.6%	Life insurance provider to APAC clients with sustainable management practices
Pentair	3.5%	Water filtration & flow control products support increased water purity and quality
NextEra Energy, Inc.	3.5%	Global leader in renewables investment and renewable generator operation
Allianz SE	3.0%	Very strong sustainability and responsible investment practices
SAP SE	2.9%	Products & services facilitate the streamlining of customer's operations reducing friction and supporting economic growth
Swedabank	2.9%	Responsible, well governed banks add considerable to society through facilitating economic growth
Orange	2.6%	Decent quality telecom with robust practices; we believe telcos add value through enabling global communication
Compass Group	2.6%	Outsourced catering services to both the private & public sectors have been shown to increase efficiency and reduce waste output
Housing Devp. Finance.	2.6%	India's largest private mortgage lender; supports increased accessibility of housing and business expansion
Celgene Corp	2.4%	Best-in-class therapies for Multiple Myeloma. Price point is high, but on balance we do not find it to be overly excessive vs. peers
Cigna Corporation	2.3%	Succeeds by making healthcare more affordable than competitors, supporting healthcare cost depression for customers
eBay, Inc.	2.1%	Online auction platform lowers the barriers to entry for small businesses supporting financial mobility and innovation
Axa SA	1.9%	Industry leader with regards to responsibility - formally integrates ESG into insurance underwriting practices
Signify NV	1.9%	Over 75% of revenue derived from sustainable products & services (LED lighting that dramatically reduces energy usage)
Gilead Sciences, Inc.	1.7%	World leader in HIV treatment. Donated patents for production in low income regions (11m sufferers receive this low cost treatment)
Becton, Dickinson and Co.	1.7%	World leading producer of medical devices and instruments
CVS Health Corp	1.7%	Pharmacy Benefit Manager business acts a powerful deflationary force against rapidly rising healthcare costs in the United States
Jain Irrigation Systems Ltd	1.6%	India's #1 player in micro irrigation; supports water usage reduction & higher crop yields in a nation that is plagued by drought
Adecco	1.6%	Largest temp staffing firm globally; facilitating increased access to employment, most notably across blue collar roles
National Grid	0.9%	National Grid's huge investment in electricity transmission is supporting the shift from fossil fuel generation to renewables
Cash	4.9%	N/A
<b>Total</b>	<b>100.0%</b>	

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.