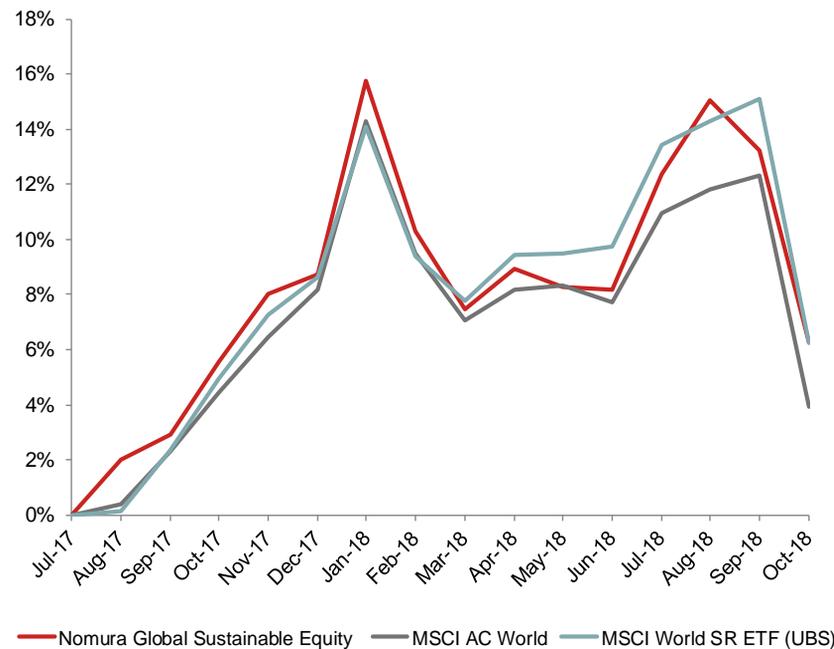


Nomura's Global Sustainable Equity Strategy

October 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	6 mth	SI
Nomura Global Sustainable Equity	-6.17%	-5.42%	-2.47%	6.26%
MSCI AC World	-7.49%	-6.36%	-3.94%	3.91%
MSCI World SR ETF (UBS)	-7.67%	-6.32%	-2.88%	6.27%

Monthly Commentary

The Global Sustainable Equity strategy returned -6.17% in October outperforming MSCI ACWI (-7.49%) and the MSCI World Socially Responsible ETF (UBS) (-7.67%) by 1.32% & 1.50% respectively. Allocation had only a very marginally positive impact over the period; whilst the strategy benefited from being overweight defensive Utilities and underweight Energy & Materials this was offset by the large Consumer Staples underweight.

The largest contributors to outperformance included our two high quality utilities Eversource (+3.0%) & NextEra Energy (+2.9%), Johnson & Johnson (+1.6%) driven by very strong third quarter earnings & updated full year guidance, and Jain Irrigation (+14.2%) partly reversing what we believe to have been overselling on technical pressures in the prior months.

Celgene (-20.0%) and AIA Group (-15.3%), were the greatest detractors. Despite reporting strong earnings and raising FY guidance Celgene declined in line with US biotech stocks, which were exceptionally weak over the month as markets were disappointed by a number of cancer therapy clinical trials. AIA was impacted by the heavy sell off in Hong Kong listed stocks as one of the largest components of the Hang Seng index and we do not believe there has been any material change to the operational outlook for the business.

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.

Nomura's Global Sustainable Equity Strategy

Portfolio Holdings

October 2018

Holdings as at 31/10/2018	Portfolio Weight (%)	Reason for holding this stock
Novo Nordisk A/S Class B	5.0%	Best in class diabetes treatment has a crucial role to play in combating the impact of an ever growing global epidemic
Alphabet Inc. Class A	5.0%	World leader in technology. Global inequality can be tackled through equal access to information & data
Microsoft Corporation	4.9%	Has shown an industry leading commitment to sustainability and corporate social responsibility
Apple Inc.	4.6%	Pioneer of the smart phone: mobile digitalisation has supported economic growth and reduced inequality globally
Mastercard Inc. Class A	4.5%	Replacing cash with card payments adds substantial value to society, reducing inefficiency and friction in the banking system
Waters Corp	4.3%	Analytical laboratory instrument product range used to ensure drug, water and food quality & purity
PayPal Holdings Inc	4.2%	Enables global access to 'banking' type services, notably across developing markets in which access is otherwise limited
Eversource Energy	4.2%	High quality, low emitting utility. Significant proportion of future investment will support a transition to lower carbon intensity
Johnson & Johnson	4.0%	Industry leader with regards to sustainability and ethical practices
Johnson Controls	3.8%	JCI's HVAC technology has improved building energy efficiency by 40% over the last decade
Safaricom Limited	3.7%	Mobile money services assist financial inclusion in Kenya, reducing friction in the economy and supporting growth
AIA Group Limited	3.5%	Life insurance provider to APAC clients with sustainable management practices
Pentair	3.4%	Water filtration & flow control products support increased water purity and quality
Allianz SE	3.0%	Very strong sustainability and responsible investment practices
NextEra Energy, Inc.	2.9%	Global leader in renewables investment and renewable generator operation
Swedabank	2.9%	Responsible, well governed banks add considerable to society through facilitating economic growth
SAP SE	2.6%	Products & services facilitate the streamlining of customer's operations reducing friction and supporting economic growth
Compass Group	2.6%	Outsourced catering services to both the private & public sectors have been shown to increase efficiency and reduce waste output
Orange	2.5%	Decent quality telecom with robust practices; we believe telcos add value through enabling global communication
Celgene Corp	2.5%	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	2.2%	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	2.0%	Industry leader with regards to responsibility - formally integrates ESG into insurance underwriting practices
Signify NV	1.8%	Over 75% of revenue derived from sustainable products & services (LED lighting that dramatically reduces energy usage)
Booking Holdings Inc.	1.7%	Global leader in online travel services. Tourism plays a crucial role in supporting economic growth, and poverty reduction globally
Jain Irrigation Systems Ltd	1.7%	India's #1 player in micro irrigation; supports water usage reduction & higher crop yields in a nation that is plagued by drought
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)
Adecco	1.7%	Largest temp staffing firm globally; facilitating increased access to employment, most notably across blue collar roles
Housing Devp. Finance.	1.6%	India's largest private mortgage lender; supports increased accessibility of housing and business expansion
Becton, Dickinson and Co.	1.6%	World leading producer of medical devices and instruments
CVS Health Corp	1.5%	Pharmacy Benefit Manager business acts a powerful deflationary force against rapidly rising healthcare costs in the United States
Cash	6.1%	N/A
Total	100.0%	

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