

SHINING A LIGHT ON THE..... Nomura Global Dynamic Bond Fund

AT A GLANCE

Investment Objective	
To provide a combination of income and growth through investing principally in debt securities with fixed or variable rates of income.	

Inception Date	30 th January 2015
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000VB9B

Management	
Manager Name	Start Date
Richard Hodges	30 th January 2015

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	-
Large	-
Medium	-
Small	-
Micro	-

Top 10 Holdings		
Total number of holdings	77	
Assets in Top 10 Holdings	32.68%	
Name	Sector	% of Assets
Portugal (Republic Of) 4.1%	-	9.01%
F/C Us Ultra Bond Cbt Jun19	-	4.76%
Portugal (Republic Of) 2.25%	-	4.43%
HSBC Holdings plc 3.68%	-	2.81%
United States Treasury Bonds 3%	-	2.35%
Egypt (Arab Republic of) 8.7%	-	2.05%
Ibercaja Banco S.A. 7%	-	1.98%
Royal Bank of Scotland Group plc 8.62%	-	1.80%
Housing Development Finance Corporati...	-	1.80%
Egypt (Arab Republic of) 5.58%	-	1.69%

Volatility Measurements	
3-Yr Std Dev (volatility)	2.90%
3-Yr Mean Return (average)	5.10%

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FUND PERFORMANCE

Performance from 30 January 2015 to 30 April 2019:

	2015	2016	2017	2018	2019
Nomura Global Dynamic Bond Fund	-4.18%	6.51%	5.95%	-1.37%	5.20%
Vanguard Global Bond Index	-0.43%	3.51%	2.00%	-0.11%	2.70%

Performance over 12 months, 3 years, and since launch.

	1 year	3 years	Since launch
Nomura Global Dynamic Bond Fund	2.96%	15.94%	12.19%
Vanguard Global Bond Index	3.55%	4.72%	7.85%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

UPDATE....

The fund has been running for nearly five years and was set up by Richard Hodges who managed an identical strategy at LGIM for seven years. The difference is that he has more resources with over half of the business at Nomura being in fixed income. This is a pure fixed income strategy and has no direct equity exposure.

It is aiming to deliver a yield of between 3 and 5% per annum with potential for capital growth. There will be down periods, and this is not a target return strategy. It adopts a go anywhere approach and looks to avoid sharp negative movements.

The only restrictions are having a maximum of 20% in convertible bonds as they don't want this used as a means of having equity via the back door. The second restriction is a maximum of 30% in emerging markets. The fund currently has about 38% in financials, 31% in sovereigns and 16% high yield.

They believe with the fed holding back on rate rises and where Japan and Europe are printing money, this is good for fixed income. In terms of investing they are happy not to hold things. For example, they see that in a world with no inflation there is no point in holding inflation linked bonds, and equally where interest rates are unlikely to rise there is no point in holding floating notes.

If they don't understand something or it doesn't add value, they won't hold it. They feel that hedging is a point of difference for the strategy. This is a protection strategy. They used this with Brexit and more recently when the US indicated it would go up.

They don't hold anything in Italy, they like Portugal and see this as a brilliant market to invest in. They have slightly reduced their holdings in Portugal and invested in alternative markets including Egypt. This they see as a really positive market. There are risks from a full conflict between Iran and the US, and a rapid rise in US interest rates.

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In summary, this is a well-managed strategy which over time has outperformed the index. The two areas of difference to many other strategies are in that it doesn't use equities, and it uses hedging strategies as a protection. Investors may look to this type of strategy where they want a fund manager to decide the best place to invest across the fixed income market.

The source of information in this note has been provided by Nomura and is correct as at April 2019. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.