

**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 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 January 2015

Top 10 Holdings		
Total number of holdings	70	
Assets in Top 10 Holdings	33.96%	
Name	Sector	% of Assets
United States Treasury Notes 2.75%	-	7.19%
Italy (Republic Of) 4.25%	-	6.16%
Portugal (Republic Of) 2.12%	-	4.43%
Italy (Republic Of) 2.3%	-	3.40%
Portugal (Republic Of) 4.1%	-	2.99%
HSBC Holdings plc 3.64%	-	2.80%
Ibercaja Banco S.A. 7%	-	1.91%
Portugal (Republic Of) 2.25%	-	1.80%
Energo-Pro a.s. 4.5%	-	1.67%
Ibercaja Banco S.A. 5%	-	1.61%

Volatility Measurements	
3-Yr Std Dev (volatility)	2.96%
3-Yr Mean Return (average)	5.23%

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FUND PERFORMANCE

Performance from 30th January 2015 to 28 February 2019:

	2015	2016	2017	2018	2019
Nomura Funds Global Dynamic Bond Fund	-4.18%	6.51%	5.95%	-1.37%	2.82%
Vanguard Global Bond Index	-0.43%	3.51%	2.00%	-0.11%	1.00%

Performance over 12 months, 3 years and since launch:

	1 year	3 years	Since launch
Nomura Funds Global Dynamic Bond Fund	0.77%	16.40%	9.66%
Vanguard Global Bond Index	1.94%	3.99%	6.07%

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 adopts an unconstrained approach and the team will look to use every tool/instrument to get a total return. They look to remove as much downside risk as possible but can't guarantee a positive return.

In 2015 it was a difficult time to enter the market with a new strategy. They admit that the timing of some of the trades was not great and this contributed to the negative returns which have dragged down the long-term performance, but they have learnt from this. In 2016 and 2017 they significantly outperformed the benchmark, and although they dropped back slightly in 2018 this has come back.

The three-year returns are strong and since launch it has outperformed the benchmark. We talked about index strategies and whether an active manager can add value. They explained that passive tends to have more sovereign risk whereas an active manager can go across the spectrum to seek out value. In particular they have an unconstrained approach.

This is important because moving forward global sovereign returns will be muted and therefore the index will struggle to deliver much above zero. Where they can make money is in areas like Italian and Indian Bonds, as examples. It is opportunities like these which provide outperformance and, over time, compound.

In terms of what they will hold it can vary from sovereigns to high yield and convertible bonds plus they will use rates, credit and FX. It is therefore this that makes the difference. They do not invest in equities, this is a pure fixed income strategy.

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In summary, this is a strategic bond fund where the manager selects the different fixed income investments. There are different strategies in the market but the key messages from this is the unconstrained approach which means they can go across the market to seek out returns, and they don't hold equities. Some strategic bond funds can hold up to 20% in equities. It is also worth highlighting that the fund has around £300 in assets. This is relatively small for this sector which can be an advantage for investors.

The source of information in this note has been provided by Nomura and is correct as at March 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.