SHINING A LIGHT ON THE...... Nomura American Century Global Small Cap Equity Fund

AT A GLANCE

Investment Objective

The investment objective of the Fund is to achieve long-term capital growth through investment in an actively managed portfolio of Equity and Equity-Related Securities issued by small capitalisation companies in both developed and emerging countries.

Inception Date	2 nd July 2019
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapsh
	ot/snapshot.aspx?id=F000013VBN

Management	
Manager Name	Start Date
Trevor Gurwich	2 nd July 2019
Federico Laffan	2 nd July 2019

FUND PERFORMANCE

Performance from 2nd July 2019 to 30th September 2020:

	2019	2020
Nomura American Century Global Smaller Cap Equity	7.16%	20.10%
Fund		
iShares MSCI World	2.42%	0.18%

Performance over 12 months, and since launch:

	1 year	Since launch
Nomura Asia ex Japan High Conviction Fund	25.72%	23.00%
iShares MSCI AC Far East ex Japan	6.82%	7.36%

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.

Tracking Error	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
-	-	1	1	1	-	Growth/Mid

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

Investment Style Details	
Giant	0.00%
Large	1.27%
Medium	54.60%
Small	39.30%
Micro	3.59%

Top 5 Holdings		
Hannon Armstrong Sustainable Inf	Real Estate	1.60%
Crocs Inc	Consumer Cyclical	1.34%
Samhallsbyggnadsbolaget i Norden	Real Estate	1.30%
Boohoo Group PLC	Consumer Cyclical	1.27%
Ncino Inc Ordinary Shares	Technology	1.22%

Top 5 Sectors	
Consumer Cyclical	21.02%
Technology	20.44%
Industrials	17.58%
Healthcare	11.84%
Real Estate	8.53%

Top 5 Regions	
North America	60.95%
Europe Developed	17.53%
United Kingdom	4.45%
Japan	4.33%
Asia Emerging	1.91%

UPDATE....

These updates have been written at the time of the Coronavirus Pandemic of 2020, which has impacted the global financial markets in a way that has never been seen before.

This was part of a Nomura investor day with an introduction to a range of funds and strategies. This is a strategic partnership between Nomura and American Century Investments. The team invest in the very best ideas. This is the bit I am not sure about as the fund holds between 100 and 150 holdings. Unlike some of the high conviction strategies this seems too many holdings within one fund.

They look for companies which can demonstrate accelerating and sustainable long-term growth. They believe earnings growth is the biggest driver of stock price movement and this is more likely to be found in the small cap space. However, this part of the market is highly inefficient, and the aim is to capture the very best.

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They also believe that their process is what drives the out performance and now is a perfect time to invest. This is because they feel that small caps tend to lead a recovering market. There is massive fiscal and monetary policy which drives the market, smaller caps have higher growth expectations compared to large cap and small cap valuations are well below their long term average.

In terms of companies they want to exploit the market inefficiencies and buy when they can see that the market is failing to recognise the opportunities. As the market starts to do this and the price rises, they then look at whether the business model can grow further, and if not then they will exit.

In summary, this is a global small cap fund. Our concern is around the number of holdings and lack of long-term track record. The idea of investing in the best companies is appealing but the spread of holdings sits uncomfortably with the overall strategy. Our feeling would be to watch this over a few market cycles and see how it responds.

The source of information in this note has been provided by Nomura and is correct as at September 2020. 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.