

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

**AT A GLANCE**

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

<b>Inception Date</b>	30 <sup>th</sup> January 2015
<b>Fund Factsheet Link</b>	<a href="http://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000VB9B">http://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000VB9B</a>

<b>Management</b>	
<b>Manager Name</b>	<b>Start Date</b>
Richard Hodges	30 <sup>th</sup> January 2015

**FUND PERFORMANCE**

Performance from 30<sup>th</sup> January 2015 to 30<sup>th</sup> September 2020:

	2015	2016	2017	2018	2019	2020
<b>Nomura Global Dynamic Bond Fund</b>	-4.18%	6.51%	5.95%	-1.37%	15.18%	4.39%
<b>Vanguard Global Bond Index</b>	-0.43%	3.51%	2.00%	-0.11%	6.63%	4.67%

Performance over 12 months, 3 years, 5 years and since launch:

	1 year	3 years	5 years	Since launch
<b>Nomura Global Dynamic Bond Fund</b>	6.84%	19.51%	34.41%	28.23%
<b>Vanguard Global Bond Index</b>	3.66%	12.04%	17.77%	17.21%

*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	Credit Quality
5.69	113.39	76.73	69.44	0.73	3.59	Medium/Low

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Volatility Measurements	
3-Yr Std Dev (volatility)	7.14%
3-Yr Mean Return (average)	6.12%

Credit Quality	
AAA	18.00%
AA	0.51%
A	7.26%
BBB	29.21%
BB	20.88%
B	10.33%
Below B	0.29%
Not Rated	13.51%

Top 5 Holdings – 139 bond holdings, 80 other holdings		
United States Treasury Notes 1.5%	-	6.73%
United States Treasury Notes 1.75%	-	4.06%
United States Treasury Bonds 8.75%	-	3.70%
United States Treasury Notes 0.62%	-	2.44%
Russian Federation 7.25%	-	2.14%

Fixed Income	
Effective Maturity	5.77
Effective Duration	-

## 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. The challenge with fixed income is that returns are being squeezed unless you go up the risk curve. Even with this strategy it is double the risk of the Vanguard Global Bond strategy, but investors are being rewarded for taking that risk. The high-level data shows that the fund captures more on the upside and should protect some on the downside. The fund manager also has a high batting average which demonstrates strong picking skills.

If the strategy is used alongside the Vanguard Passive Strategy this makes an interesting mix. The Vanguard Strategy is around 70% government bonds so has much lower risk, but lower returns. Although the risk scale goes up with Nomura the reward is reflected. In down markets the Vanguard strategy appears to provide greater protection but lags on the upside, and therefore blending the two seems to work well.

In terms of the update this is “an unconstrained go anywhere fixed income strategy”. The manager aims to position the fund to both capture on the upside and protect on the downside. As it stands the risks are the US election, increased defaults / downgrades, vaccine delay, inflation / deflation, reduced future growth expectations and Brexit.

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With the US election they are less concerned about tax increases, but more the handing over of power to Biden, and therefore they are implementing some strategies to protect against this happening.

They are more optimistic on a vaccine and they believe there will be a broad distribution in the first quarter of 2021, and have exposure to asset classes which will benefit from this. With inflation they do not see this rising until 2021 /2022 and feel there could be hyperinflation of up to 4% in the future.

Turning to growth they still expect this to be modest, and with the UK they still think a deal will be struck with Europe. The uncertainty around the future for the UK is impacting asset prices and they are looking to take advantage of this weakness.

In terms of opportunities they see greater yields in periphery Europe, in regions like Italy and Spain. They like European High Yield and short duration US High Yield. There is also some selected US Investment Grade and Emerging Market Debt.

Turning to the markets they expect a continued recovery but short-term volatility. For markets to move higher there needs to be a vaccine. Over the short term they are cautious but longer term there is a great deal of optimism.

In summary, this is an actively managed global bond fund. This is a way for investors to potentially achieve greater returns without taking equity like risk as would be the case with high yield. The fund does hold high yield, but it blends this across all different debt instruments. It is an active strategy that will look to protect where they see potential risks, and we can see this in the run up to the US election. With all fixed income investing it does depend on what an investor wants and the level of risk and reward that they are prepared to take.

*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.*