

**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 1<sup>st</sup> January 2016 to 31<sup>st</sup> March 2021:

	2016	2017	2018	2019	2020	2021
<b>Nomura Global Dynamic Bond Fund</b>	6.51%	5.95%	-1.37%	15.18%	10.64%	-0.36%
<b>Vanguard Global Bond Index</b>	3.51%	2.00%	-0.11%	6.63%	5.54%	-2.88%

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>	18.61%	24.42%	41.17%	35.43%
<b>Vanguard Global Bond Index</b>	1.36%	9.78%	11.58%	14.77%

*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
5.77	110.89	47.23	75.00	0.99	6.21	Medium/Low

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Volatility Measurements	
3-Yr Std Dev (volatility)	7.44%
3-Yr Mean Return (average)	7.55%

Credit Quality	
AAA	0.00%
AA	0.00%
A	0.00%
BBB	1.81%
BB	34.91%
B	40.04%
Below B	21.31%
Not Rated	1.93%

Top 5 Holdings – 163 bond holdings, 113 other holdings		
United States Treasury Notes 0.12%	-	24.32%
United States Treasury Notes 0.25%	-	8.80%
Cdx 2i65bydx0 01.000 Bp 12/20/2025 Gstrus33xxx Long	-	8.30%
Cdx 2i65bydx0 01.000 Bp 12/20/2025 Bnpafppxxx Long	-	4.15%
Russian Federation 7.1%	-	1.70%

Fixed Income	
Effective Maturity	6.09
Effective Duration	-

## UPDATE....

This was an update with the team. The aim of the strategy is to provide a total return which works across any environment. This means it will take “punchy” positions to deliver those returns.

It takes full advantage of the credit market, investing across sovereigns, inflation linked, floating rate notes, investment credit, EM high yield, convertible bonds plus rates, credit, and FX. It will use options as a form of an insurance contract. It will not invest in equities and they limit the maximum exposure to areas, so this does not become for example an EM bond fund by the back door.

This year has been challenging for fixed income, but this shows the importance of an active strategy which has seen them hedge out some of risk and deliver flat returns. The team take a top-down view over 2 to 3 years and then look for the different drivers of returns to construct the portfolio, and then use hedging positions to protect on the downside.

The team is made up of Dickie Hodges (who has managed this since launch), Bilal Ishaq Khan (credit and high yield specialist), Kaoru Naganuma (convertible bond specialist) and Victoria Robinson (trading and managing derivative positions).

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In the short term the rising yield curve has worried markets, and this has created problems for fixed income, but they think markets will bounce back because of money being brought into the system and economies coming out of lockdown.

Over the next 2 to 3 years, they are worried about inflation surprises and potential for interest rate rises. If this happens, they see the potential for double digit negative equity returns. Much of this depends on how the Fed react and the speed with which they do this. The longer they take the more the negative potential on equities.

The fund currently has around 13% to CoCos, 20% High Yield (mainly European), and US treasuries 27% and it has some risk hedging.

In summary, they believe the returns from fixed income will be squeezed moving forward and therefore the only way to get returns is via an active strategy. By their own admission this will be more punchy than other strategic bond strategies, but it is a pure strategy in that it does not hold equities, and this is the sole focus for the team.

*The source of information in this note has been provided by Nomura and is correct as at April 2021. 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.*