

**LWM FUND SPOTLIGHT**  
**NOMURA GLOBAL DYNAMIC BOND FUND**

**INVESTMENT OBJECTIVE**

The investment objective of the Fund is to provide a combination of income and growth through investing principally in Debt and Debt-Related Securities with fixed or variable rates of income. The Fund shall invest principally in Debt and Debt-Related Securities with fixed or variable (linked to inflation or other indices) rates of income, issued by corporations, limited liability companies, limited partnerships, sovereign, government agencies, supranational or other issuers, which are listed or traded on Recognised Exchanges. In addition to direct investment in Debt and Debt-Related Securities, the Sub-Fund may also gain exposure to Debt and Debt Related Securities indirectly through investment in financial derivative instruments.

**INCEPTION DATE**

30<sup>th</sup> January 2015

**FUND FACTSHEET**

<https://www.trustnet.com/factsheets/O/m0mv/nomura-global-dynamic-bond/>

**MANAGEMENT**

**Manager Name**

Dickie Hodges

**Start Date**

30<sup>th</sup> January 2015

**RATIO DATA (3-years)**

Alpha	Beta	Max Drawdown	Max Gain	Max Loss	Negative Periods	Positive Periods	Tracking Error
-1.37	0.02	-21.62	5.63	-8.09	78	78	8.11

**OTHER DATA**

<b>Benchmark</b>	Bloomberg Global Aggregate TR Hdg GBP
<b>Fund Size</b>	\$2,513 million
<b>Fees</b>	0.71%
<b>Current Yield</b>	7.74%

**BULL POINTS (PRO)**

- Well established fund manager.
- Yield 7.74%.
- Long term outperformance.
- Strategic strategy.

**BEAR POINTS (CONS)**

- Recent poor performance.
- High volatility.

# Nomura Global Dynamic Bond Fund – May 2023

## FUND PERFORMANCE

Performance from 30<sup>th</sup> January 2015 – 30<sup>th</sup> April 2023

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



30/01/2015 - 28/04/2023 Data from FE.fundinfo2023

Pricing Spread: Bid-Bid • Currency: Pounds Sterling

Customise Columns	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Index	↑↑	↑↑	↑↑	↑↑	↑↑	↑↑	↑↑	↑↑	↑↑	↑↑	↑↑
Bloomberg Global Aggregate TR in GB	-1.75	-5.70	-3.83	5.83	2.71	4.94	-1.90	21.77	2.45	6.84	-4.41
Nomura Global Dynamic Bond ID Hedged GBP TR in GB	1.66	-16.37	1.48	10.56	15.16	-1.36	5.69	6.46			

*Please 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.*

# Nomura Global Dynamic Bond Fund – May 2023

## Fixed Income Style

Current

Historical

	Ltd	Mod	Ext	Fixed Income Measures	Investment	Category Average
High				Effective Duration	—	5.03
Mid				Modified Duration	6.38	5.14
				Effective Maturity	7.55	9.15
Low				Credit Quality	—	BBB+
				Weighted Coupon	5.36	4.58
				Weighted Price	93.60	87.92
				Yield to Maturity	7.80	5.99

Investment as of 31 Mar 2023 | Category: Global Flexible Bond - GBP Hedged as of 30 Apr 2023 | Source: Manager-reported and holdings-based calculations.

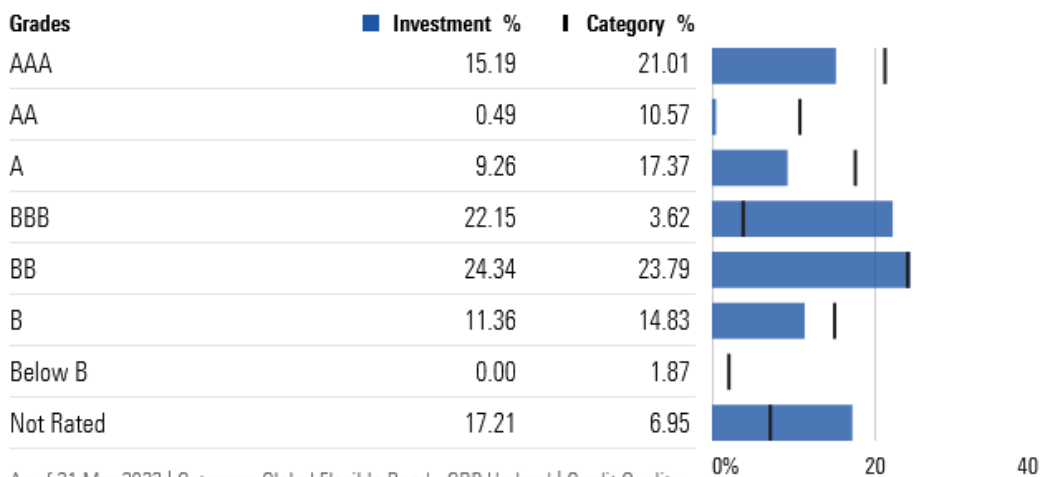
## Bond Breakdown

Credit Quality

Coupon Range

Maturity Schedule

vs. Category



As of 31 Mar 2023 | Category: Global Flexible Bond - GBP Hedged | Credit Quality Data is based on the long position of the holdings. | Source: Manager-reported.

# Nomura Global Dynamic Bond Fund – May 2023

## Bond Breakdown

Credit Quality

Coupon Range

**Maturity Schedule**

vs. Category ▾

### Maturity (Years)

■ Investment %    I Category %



Investment as of 31 Mar 2023 | Category: Global Flexible Bond - GBP Hedged as of 30 Apr 2023 | Source: Holdings-based calculations.

30 Apr 2023 | Source: Holdings-based calculations.

## Holdings

### Current

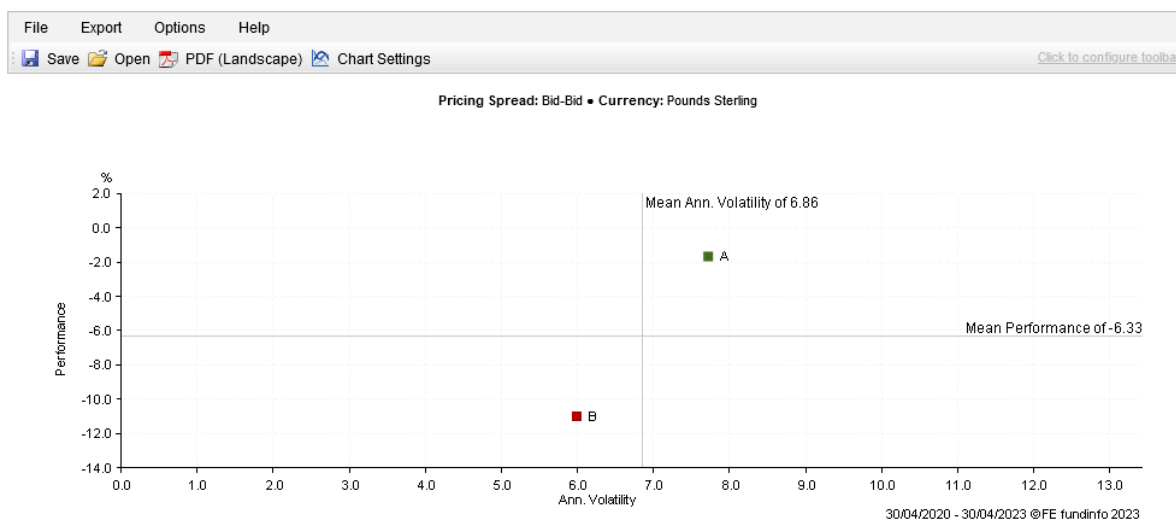
Portfolio Date	Equity Holdings	Bond Holdings	Other Holdings	% Assets in Top 10 Holdings	Reported Turnover %
31 Mar 2023	0	185	388	43	—

Holdings	% Portfolio Weight	Market Value	Prospectus Net Expense Ratio
FORWARD RECEIVABLE	126.44	3,331,350,690	—
EUR/USD FWD 20230428 000015437 USD Purchased	36.88	971,772,252	—
SPOT RECEIVABLE	23.97	631,486,988	—
SPOT RECEIVABLE	20.29	534,673,187	—
SPOT RECEIVABLE	20.11	529,828,908	—
SPOT RECEIVABLE	13.00	342,607,255	—
SPOT RECEIVABLE	12.99	342,171,407	—
SPOT RECEIVABLE	10.03	264,313,659	—
FORWARD RECEIVABLE	9.72	256,137,819	—
GBP/USD FWD 20230428 000011553 USD Purchased	9.70	255,585,899	—

Holdings as of 31 Mar 2023 | The top 10 largest holdings are available for display across Equity, Bond and Other.

# Nomura Global Dynamic Bond Fund – May 2023

## VOLATILITY



Key	Name	Performance	Annualised Volatility
A	Nomura - Global Dynamic Bond ID Hedged GBP TR in GB	-1.88	7.72
B	Bloomberg Global Aggregate TR in GB	-10.97	5.99

## LWM FUND ANALYSIS

The strategy has been managed by Richard Hodges since it was launched in 2015. He is the lead manager of the strategy and is supported by four other individuals. The strategy carries some additional risk, but investors have in the past been rewarded for that level of risk. However, more recently performance has dropped back. The biggest “hit” came in 2022 as the fund held around 7% in Russian Debt which was written down to zero.

The table below shows the shorter period of underperformance:

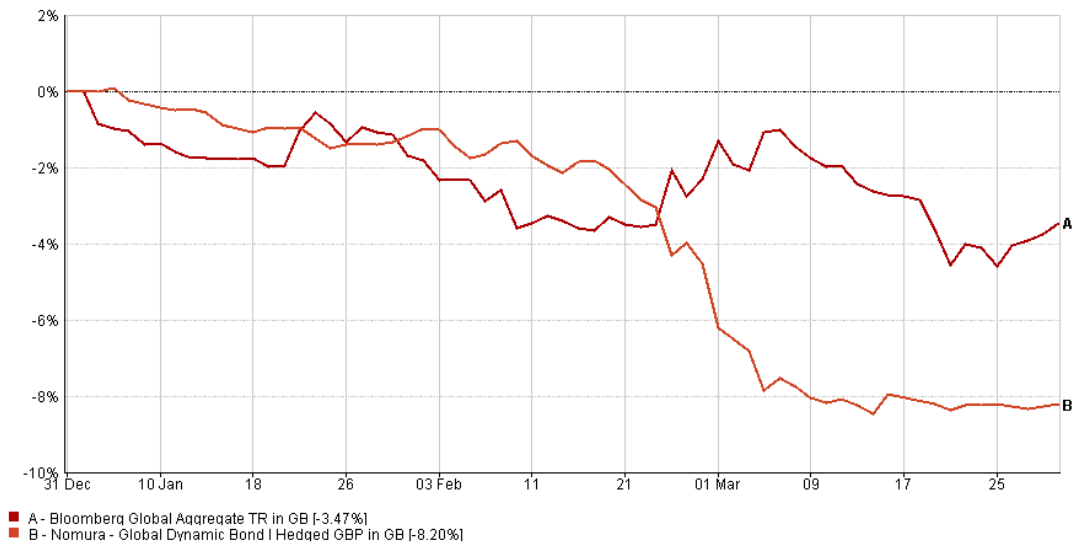
Pricing Spread: Bid-Bid • Period: Month End (30 Apr 2023) • Currency: Pounds Sterling

Customise Columns	1m	3m	6m	1yr	3yr	5yr	10yr	Select
Index								
Bloomberg Global Aggregate TR in GB	-1.19	-1.88	-0.23	-2.42	-10.97	4.57	23.51	<input type="checkbox"/>
Nomura Global Dynamic Bond ID Hedged GBP TR in GB	0.71	-2.17	6.41	-4.44	-1.68	8.46		<input type="checkbox"/>

The chart below shows the underperformance in the first quarter of 2022:

# Nomura Global Dynamic Bond Fund – May 2023

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



31/12/2021 - 31/03/2022 Data from FE fundinfo2023

There is the option of a hedged or non-hedged version. Where the hedged version has done better in 2023, it struggled in 2022.

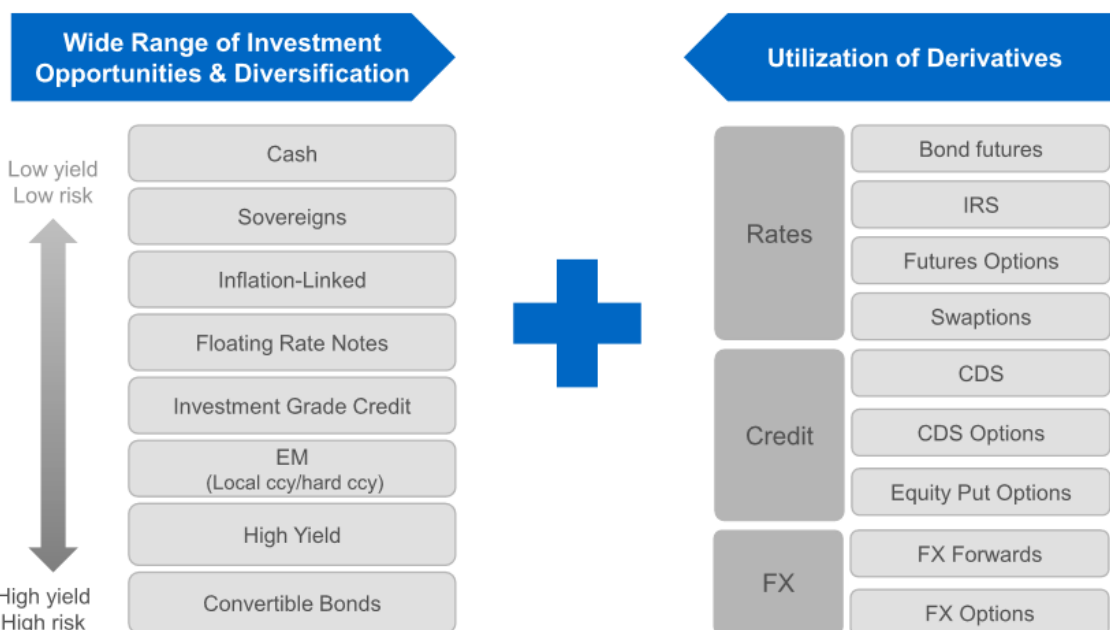
(3 rows)

Customise Columns	Pricing Spread: Bid-Bid • Currency: Pounds Sterling										
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Index	↕↕	↕↕	↕↕	↕↕	↕↕	↕↕	↕↕	↕↕	↕↕	↕↕	↕↕
Bloomberg Global Aggregate TR in GB	-1.75	-5.70	-3.83	5.83	2.71	4.94	-1.90	21.77	2.45	6.84	-4.41
Nomura Global Dynamic Bond I GBP in GB**	-0.90	-5.46	2.84	8.98	12.78	6.70	-2.07	27.88			
Nomura Global Dynamic Bond I Hedged GBP in GB	1.65	-16.40	1.43	10.64	15.18	-1.37	5.95	6.51			

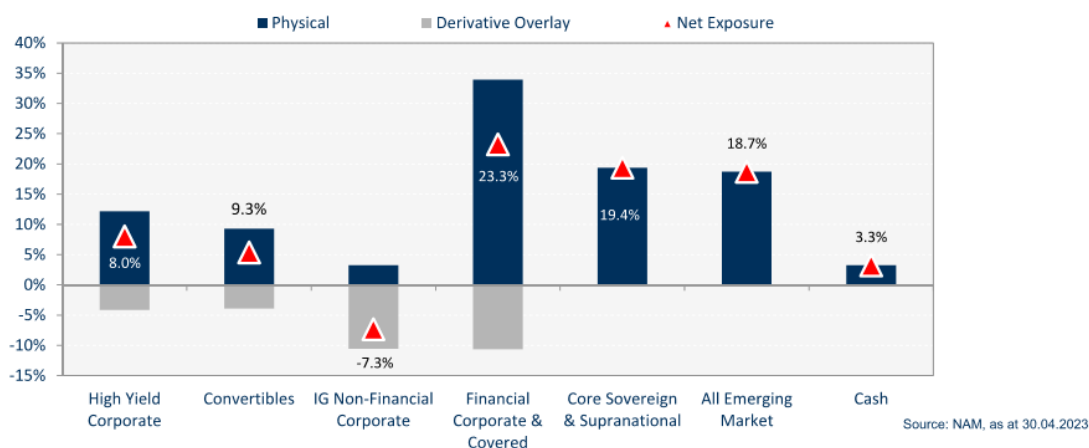
The idea behind having a hedged version is to minimise the currency risk.

By the nature of its name the strategy looks to invest across a wide range of fixed income instruments. This will use derivative based hedging which is used to reduce some of the risk with the positions it holds (different to the currency hedging).

# Nomura Global Dynamic Bond Fund – May 2023



The chart below shows the current positioning with the derivative overlay. So for example, although there is around 30 to 35% in financials, the hedging brings the risk down to around 23%.



The strategy is a mix of top-down research looking at the wider market and bottom-up stock selection based on the best opportunities in the market. It primarily looks to deliver a yield above cash (currently over 7%) with gains on capital being secondary. The strategy will always be a mix of mid and short-term opportunities.

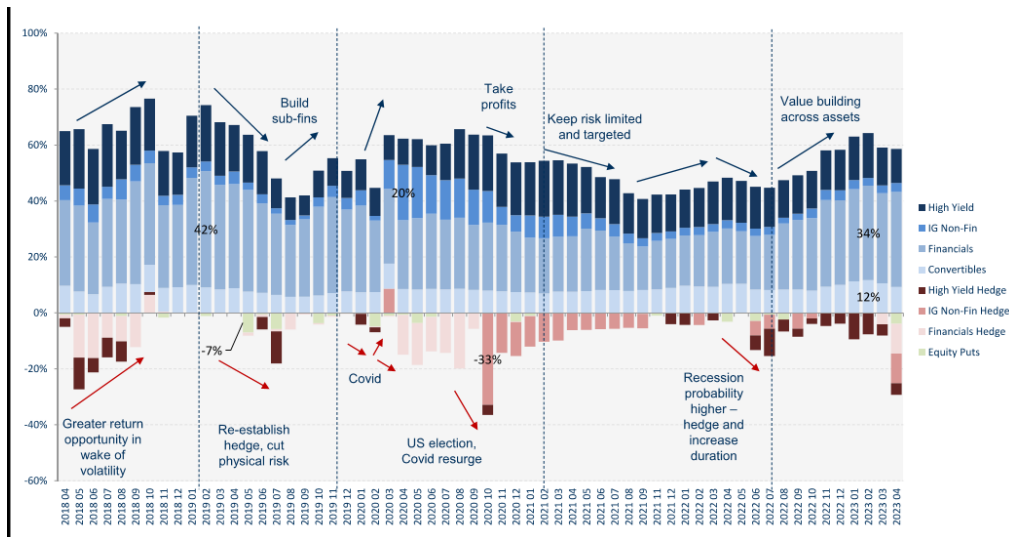
Currently they have increased the exposure to financials, with 14% exposure to senior bank debt. They have limited exposure to US financials. They did have some exposure to Credit Suisse, but this was Senior Bank debt so top of the debt structure. An example recent holding is a Spanish bank with a 5% yield, which they can hedge back to US / UK currency and achieve a 7% yield. They have been selling US treasury bills to build this position.

They have around 19% in emerging markets. Areas they like are Latin America (Brazil and Mexico), Egypt and Bahrain.

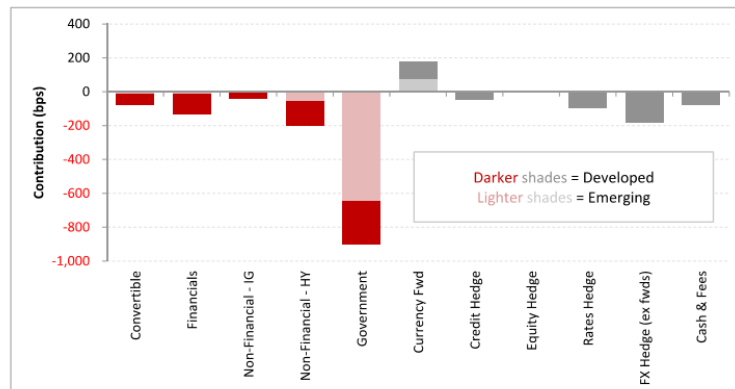
# Nomura Global Dynamic Bond Fund – May 2023

Position	Exposure	Macro or Opportunity-driven?	Return Opportunity	Macro Factors	Specific Factors	Portfolio Context	Risks
EM: Middle East, LatAm & CEE	19% total EM exposure	Macro	High yields in USD or USD-hedged basis	IMF and GCC support Oil revenues Low debt/GDP, EUR adoption	Long duration high carry	Need to monitor liquidity	High beta / political
Financials	34%	Macro	Attractive coupons across capital structure, early AT1 calls	Improved financial positions of banks post GFC – less vulnerable to recession	AT1 recovery post CS merger	AT1s, if they extend, are high coupon FRNs	Extension risk for some AT1s
High Yield (European bias)	13%	Both	Capital return, carry	Pick up in defaults expected to be limited/slow	Subordinated debt of IG names	Recent reduction in cyclical names	Higher defaults
Convertibles	9%	Both	Prices close to bond floors give upside risk skew	Bias to defensive, higher credit quality, to US and European bluechips	Potential to benefit from China reopening	Recent reduction in cyclical / low delta names	Equity prices collapse
Risk Hedging	25% And 4%	Macro	Broad downside protection	EU CDS – IG, Fins, HY Puts on S&P, Nikkei, Eurostoxx	Bank failures, economy, debt ceiling	Direct and proxy hedges for credit risk	15bps puts premium

The chart below shows the dynamic nature of the strategy over time:



In terms of performance, 2022 is really where the damage was caused with Russian holdings contributing a -5.8% to the overall negative return. The currency hedge version should provide a more stable return profile, however this struggled in 2022. Investors will therefore need to balance whether to hold a hedged or non-hedged version.





## Nomura Global Dynamic Bond Fund – May 2023

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In summary, investors are selecting a higher risk strategy from an experienced fund manager. Performance over time has been strong but there is a marked difference between hedged and non-hedged versions. The yield, currently at over 7%, is attractive for those seeking income, but this is likely to come down. Overall, the manager looks to find investments globally from across the fixed income market to drive returns.

***The source of information in this note has been provided by Nomura and is correct as of May 2023. 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.***

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