



NIKKO ASSET MANAGEMENT FIXED INCOME – CORE MARKETS

Nikko AM's Fixed Income - Core Market products are actively managed using fundamental top-down and bottom-up research, to create products with diversified portfolios. The team draws on fundamental analysis as the primary contributor of returns and complements selection and allocations with other drivers, including interest rates and currencies.

Our Philosophy

The investment team believes that markets are not entirely efficient and fundamental research reflected in high conviction duration, currency, credit and yield curve calls is the key to delivering positive returns for clients.

Key Differentiators

- We do not have a home bias; nothing pre-occupies portfolio construction - our well-established fixed income teams in US, Europe, Singapore, Japan and Australia allows us to develop a holistic and balanced view by drawing on local expertise and on-the-ground research of these teams
- We employ a pragmatic approach and deploy our resources to areas where we see value
- We are innovative. Country research and Risk Management are supported by proprietary quantitative models which allow us to focus on alpha generating ideas
- We are communicative. Regional teams communicate both formally and informally to share information and research. This additional insight allows the team to execute quickly once they have made a decision.



Insight



Collaboration



Diversity

Positive returns captured through...

Quality
Research

Issue Selection

Interest Rate
Forecasting

Currency
Management

**Nikko Asset Management Europe
Ltd**

1 London Wall
London
EC2Y 5AD
United Kingdom

Phone: +44 (0)20 7796 9866
Fax: +44 (0)20 7796 9816
Email: EMEAenquiries@nikkoam.com



Our Team

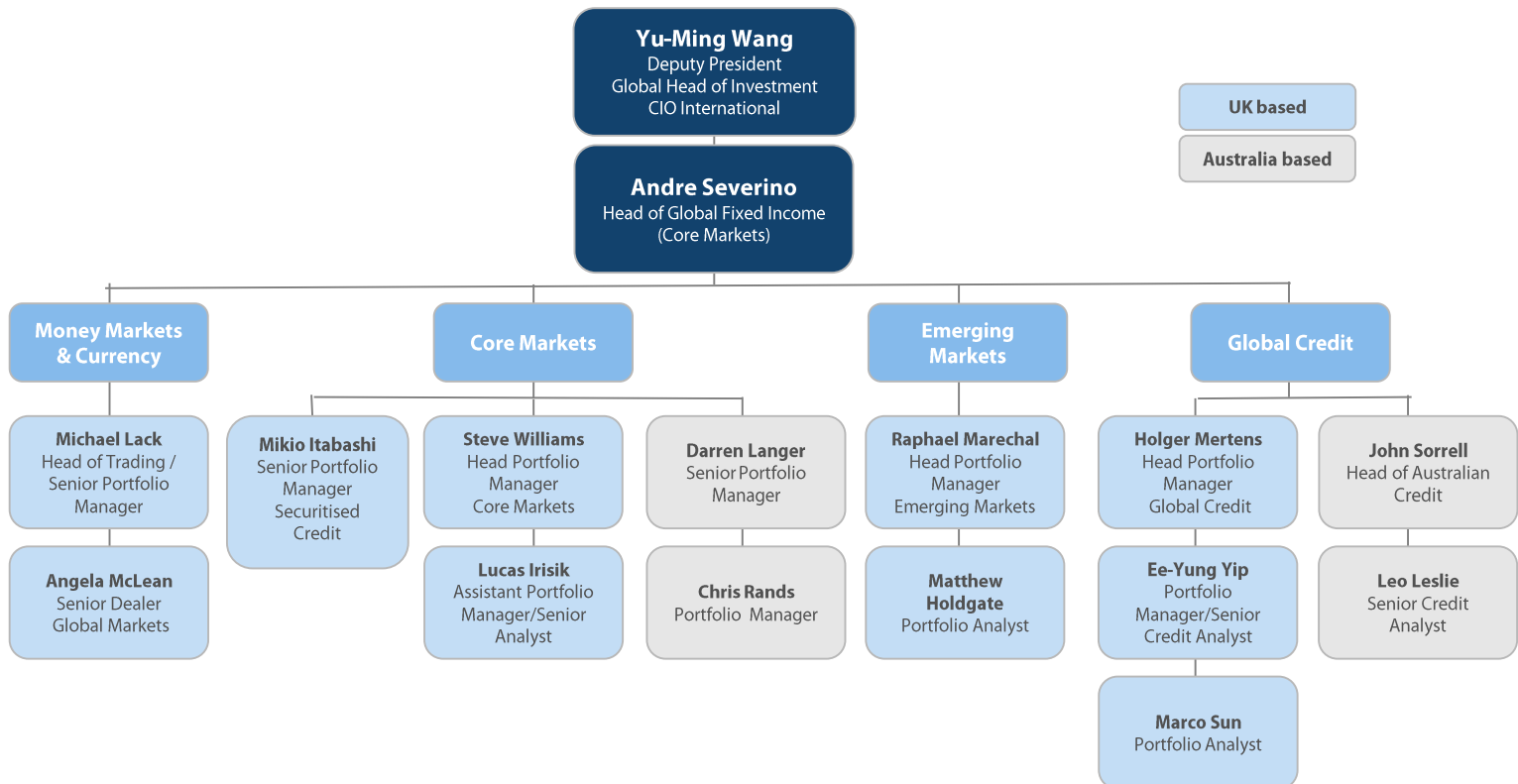
Steve Williams, Head Portfolio Manager – Core Markets



Steve Williams is the Head Portfolio Manager for Global Core Strategies and a Managing Director in Nikko AM's London Office. He is a member of the fixed income & foreign exchange investment committee as well as the portfolio manager with oversight for the firm's investment grade, municipal, green bond, global mortgages and global bond business as well as credit research. He joined Nikko AM in 2007 and took over co-management responsibility with Andre Severino for the firm's flagship global sovereign bond strategy as well as launching the first dedicated Danish mortgage bond strategy into Japan in 2016. Steve, previously served as a Credit research analyst with New York Life Investment Management in corporate bonds and structured finance as a senior analyst. He has over 14 years of investment experience and holds an MBA from Duke University's Fuqua School of Business. He received his undergraduate degree from the University of Michigan and is a certified FRM.

The Head Portfolio Manager – Core Markets Steve Williams, sits within the wider Global Fixed Income team in London, led by Andre Severino. The team consists of 11 investment professionals with an average of 15 years of investment management experience.

The team has significantly broadened over time to support the strategies' growth and cater to institutional portfolios. One of our biggest advantages is the fluid interaction across these four categories and the ability to execute decisions quickly, once a team decision has been made. The diagram below illustrates the organisational structure in London.



"The team is continually reviewing its product line up to cater for global demand and has been able to develop new solutions that are focused on higher yielding and higher credit quality solutions that meet client needs for a positive yielding investment."

**GLOBAL
Insight**



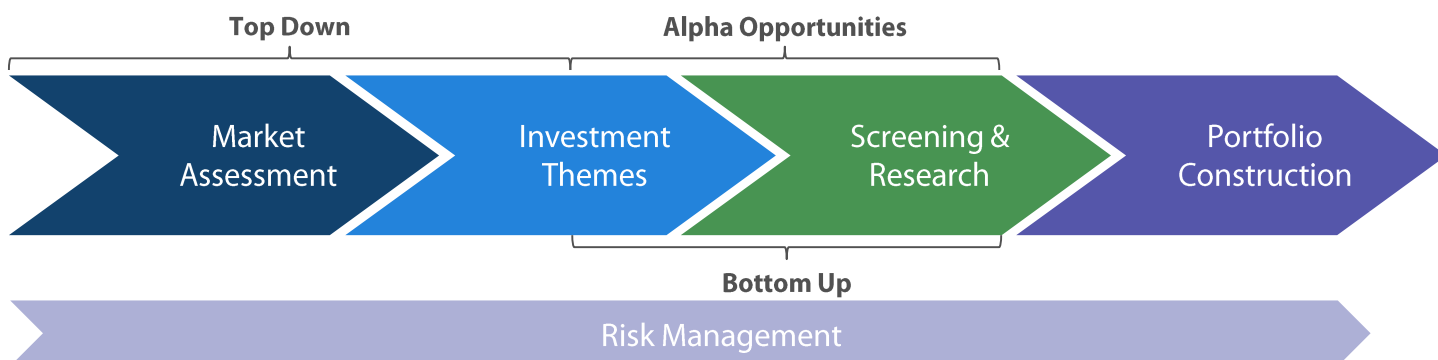
**LOCAL
Knowledge**





Our Process

The investment team uses a consistent investment process that incorporates quantitative and qualitative inputs from experienced investment professionals. The four step process is disciplined and transparent, which engages the team in a collaborative process to generate ideas and construct a high quality portfolio.



Regional market assessment based on the following factors:

- Economic Growth
- Inflation
- Central Bank Policy
- Financial Markets

Structured scoring to determine our market assessment

Investment themes are established and analysed in the context of systematic regional market assessment, drawing on currency and interest rate views of the wider Global Fixed Income Team

The screening process is conducted by the global analysts and designed to narrow down the investment universe by using a multi-factor screen

Fundamental country research is performed to formulate high conviction ideas

Portfolio is tailored to adhere to client’s guidelines and constraints taking into account all top down and bottom up research

Embedded Risk Management

Ongoing risk management is integral to the entire investment process with constant dialogue between our investment and independent risk management teams in ensuring that risks are identified, evaluated, monitored and mitigated. For the Emerging Market Debt strategy the investment management team is responsible for Systematic and Unsystematic risk in the portfolio. The investment risk team is responsible for the monitoring and escalation of risk.

Nikko AME’s risk management department closely monitors market, credit, operational and portfolio management risk and takes appropriate measures to minimise the impact of potential risk. The risk management process starts with Risk Budgeting and the Risk Management Department which conducts independent, detailed analysis of portfolio risk and characteristics, as well as performance attribution and peer group analysis. The risk process consists of risk budgeting and monitoring with clearly detailed escalation procedures at every step.

The Risk Management Department truly understands the investment management process and therefore feedback and a meaningful dialogue between the investment team and risk managers takes place as part of the firm’s continuous communication flows.



Innovation

Customised Solutions

- Negative interest rates in Japan and Europe have caused a significant increase in demand for bespoke global fixed income products
- Since 2016, Nikko AM's Global Fixed Income team have launched the following products catered for institutional clients:
 - US Municipal Bond
 - US Investment-Grade Corporate
 - GNMA Strategies
 - Danish Covered Bonds
 - Swedish Covered Bonds

"Building on strong client relationships and our extensive investment skills, the team have been able to tailor specialised investment solutions for our institutional clients."



**HIGH
Conviction**



**SCALABLE
Processes**



**CUSTOMISED
Solutions**



Core Market Capabilities

The team continually reviews its product line to cater for global demand and has been able to develop new solutions that are focused on higher yielding and higher credit quality solutions that seeks to meet client needs for a positive yielding investment.

Core Markets



Steve Williams
Head Portfolio Manager

Core Markets

- High conviction portfolios and bottom up stock selection
- Range of products including Global Aggregate and World Government Bonds

Strategies Managed

- Global Sovereign Bond
- US Municipal Bond
- US Investment-Grade Corporate
- GNMA Strategies
- Danish Covered Bonds

About Nikko Asset Management

Nikko Asset Management is one of the largest global asset management companies headquartered in Asia, with offices across 9 countries, representing over 30 nationalities. Our global investment teams share local expertise and regional perspectives to gain unparalleled insights into the issues that drive investment performance globally. This allows us to cut through the noise to determine the real opportunities and risks for our clients.

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