



## NIKKO AM WORLD BANK GREEN BOND STRATEGY

The Nikko AM World Bank Green Bond Strategy is an SRI/ESG strategy investing in securities that finance projects helping in mitigation and adaptation to climate change. The strategy invests primarily in AAA World Bank bonds, one of the strongest global institutions with the highest AAA credit rating held for more than 50 years. The strategy provides investors access to World Bank Green Bonds, through a long-standing diversified and actively managed portfolio.

### Our Philosophy

*“Investing primarily in World Bank Green Bonds, to help mitigate global climate change in developed and emerging markets, while seeking to provide capital gains and income over the mid to long term.”*

### Approach

- Developed in collaboration with World Bank
- Invested in World Bank AAA rated bonds typically yielding 20 bps higher than developed market Sovereign bonds
- Invests in Developed and Emerging Markets currencies the active management around a 50/50 neutral position

### Ethics

- Proceeds directly invested in green projects aiming to mitigate and adapt to climate change
- Pure green solution, environmental aspects independently operated by World Bank
- Independent project screening, verified by a third party source (CICERO)

#### Pure Green Exposure

The World's first dedicated Green Bond vehicle



#### EM & DM Exposure

Actively/dynamically managed EM/DM exposure



#### AAA

Invests exclusively in AAA rated World Bank Issued bonds





## Our Team

### Steve Williams, Lead Portfolio Manager, 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 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.

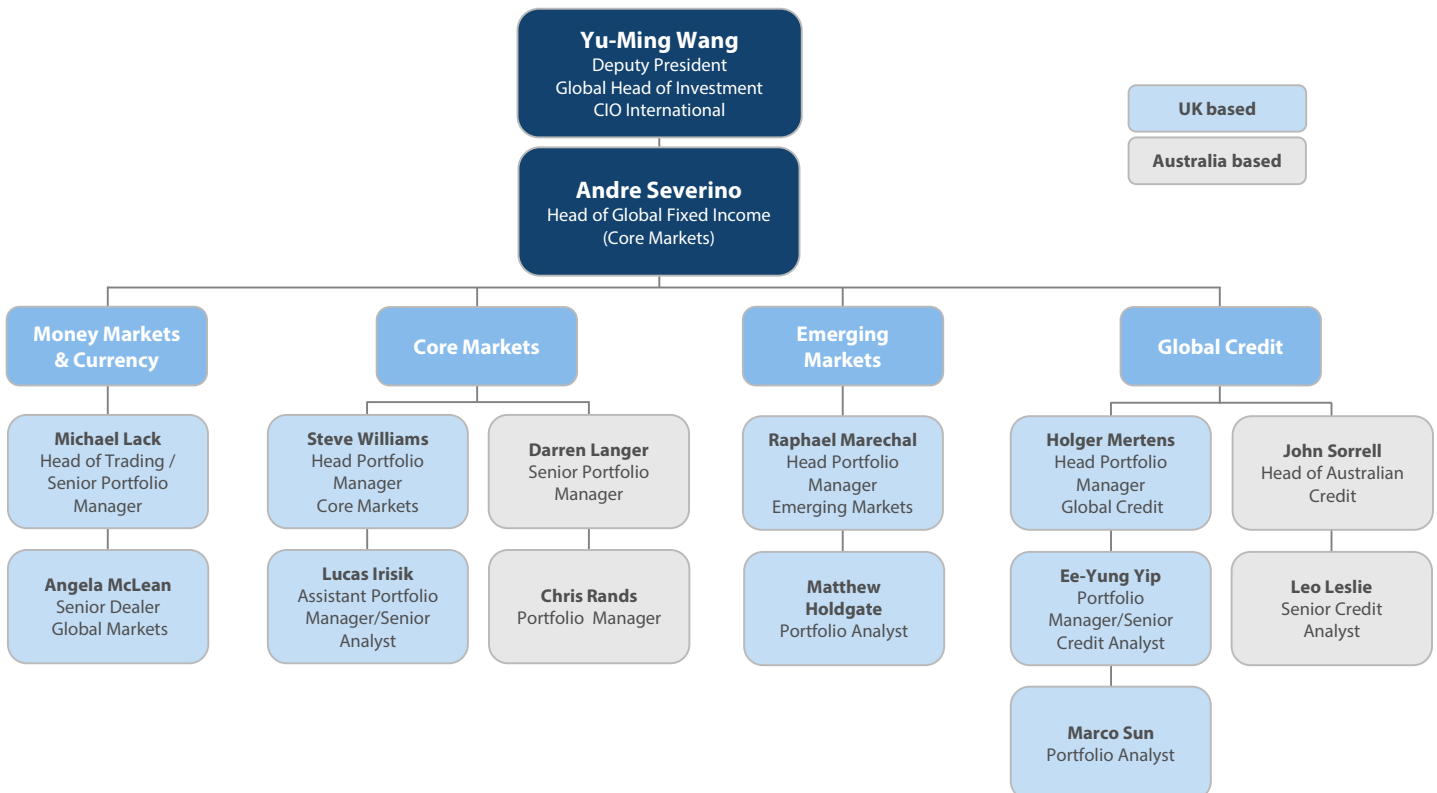
He joined Nikko AM in 2007 and took over co-management responsibility with Andre Severino for the firm’s flagship global sovereign bond strategy as well as launching the first dedicated Danish mortgage bond strategy into Japan in 2016. Steve, previously served as a Credit research analyst with New York 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.

### Andre Severino, Head of Global Fixed Income



Andre Severino, Head of Global Fixed Income for US and Europe, has been responsible for managing Nikko AM’s High Conviction Sovereign Bond Strategy since April of 2008 which has grown to over \$4.5 billion USD. Prior to Nikko AM, Andre was with Fairstream Capital Management, a Global Macro hedge fund acquired by Nikko Asset Management Americas in 2007. Previously, Andre worked at Ritchie Capital Management where he focused on macro strategies in the G-10 countries. Andre began his career at Chicago Research and Trading (CRT) in 1990, an options market making boutique. He received his Bachelor of Business Administration, with a major in Finance, from Loyola University in Chicago in 1990.

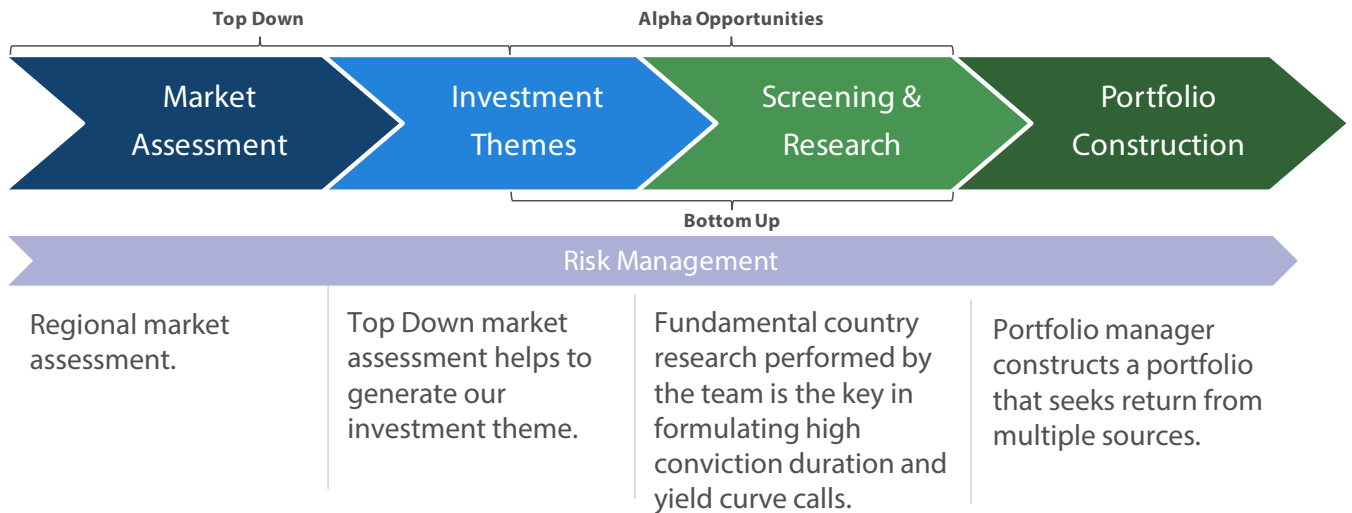
Steve Williams sits within the wider Global Fixed Income team in London, led by Andre Severino. The team consists of 10 investment professionals with an average of 13 years of investment management experience. The team has significantly broadened over time to support the strategies’ growth and cater 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.





## Our Process

*“A consistent 4 Step investment process which incorporates quantitative and qualitative inputs, engaging the team in a collaborative process to generate ideas reflected in high conviction duration, currency, credit and yield curve calls to construct a green bond portfolio”*



### 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.



## Our Edge

### Proven Track Record

The Nikko AM World Bank Green Bond Strategy’s foundation is built not only on the investment team’s experience managing multi-currency bond strategies but also on the long standing collaborative relationship the firm has with the World Bank dating back to 2007.

### Investment Focus

Nikko AM’s investment team has no input into setting and or executing the “green” component of this strategy. It is this very impartiality which strengthens the product as a whole for the end investor. Unlike some of their peers, the investment team can focus their energies on what they do best – analysing and investing in global currency and bond markets.

### Investment Team

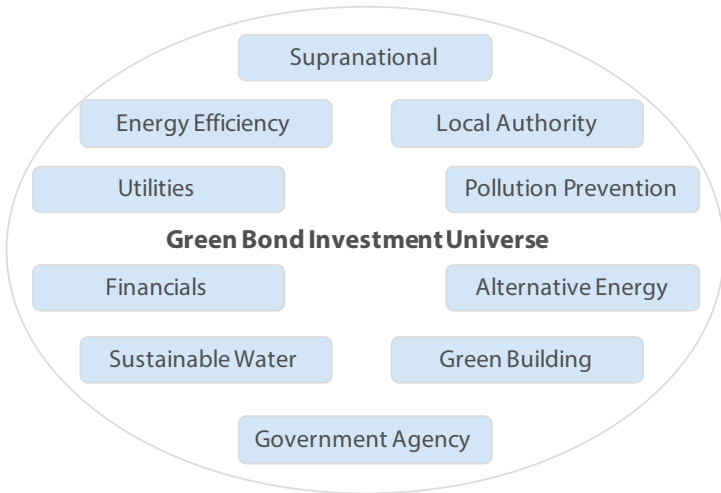
Fluid interaction across the investment team and the ability to make decisions promptly. By working in an open environment, the team works in close proximity and ideas don’t get lost waiting for an Investment Committee decision at each level.



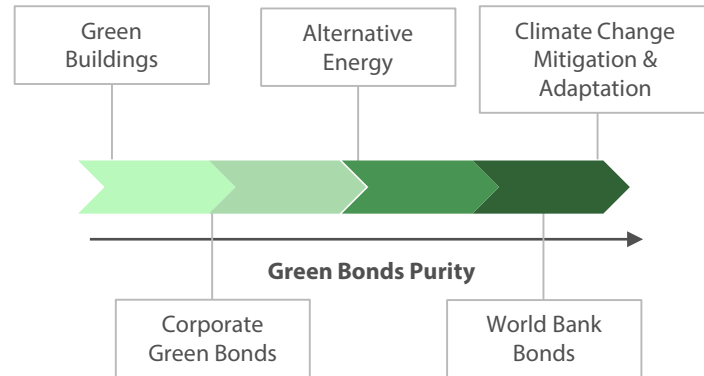
## Green Bond Market

- There are many different Green Bond issuers and proceeds are used for a broad range of applications
- World Bank Green Bonds represent the 'gold standard' of greenness

### Green Bond Investment Universe



### Example of the Scale of Green Bond Purity



## World Bank Collaboration

### Nikko AM

- Responsible for active portfolio management
- Investment team evaluate both developed & EM currencies
- Currency allocation decisions based solely on investment views
- Request bond issues from World Bank in required currencies
- World Bank bonds purchased in primary & secondary markets

World Bank issues bonds in currencies requested

### World Bank

- Responsible for determining projects suitable for funding
- Swapping bond proceeds back into US dollars, before placing into a project pool
- Issuing funding from project pool in appropriate local currencies
- Monitoring the effectiveness and impact of projects

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