



GLOBAL GREEN BONDS

The Nikko AM Global Green Bond Strategy is an SRI/ESG vehicle investing in securities that finance projects that help in mitigation and adaptation to climate change. The strategy invests primarily in AAA rated Green Bonds, issued by some of the strongest global institutions with AAA credit ratings. The strategy provides investors access to Green Bonds, through a long-standing diversified and actively managed portfolio.

Our Philosophy

"An investment into Green Bonds can offer an investor a unique combination of providing investment to help to mitigate global climate change in developed and emerging markets, whilst providing capital gains and income over the mid to long term for investors."

Why Green Bonds?

- Green Bonds raise funds for new and existing projects which deliver environmental benefits
- To meet agreements set in Paris accord, Green Bonds will be a significant investment instrument
- Provides investors with a tax-exempt income and the satisfaction of knowing that the proceeds of their investment will be used in a positive manner
- Capital markets and bond issues play a central role in raising capital globally and crowding-in public and private investors from all over the world

Growing Market

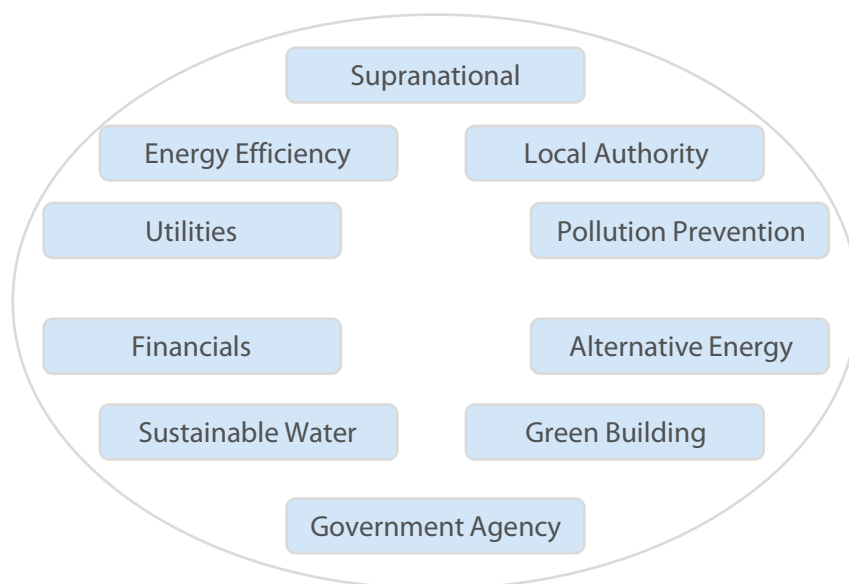
- Growing segment of the fixed income universe is 'Green Bonds', reflecting the increasing importance being placed on environmental sustainability
- Over the last 5 years, the market has significantly grown. By 2020, the market value for SSA Green Bonds is expected to be USD250m+
- Funds raised finance the development of new or existing environmental projects, including renewable energy, sustainable water management and pollution prevention
- The Green SSA market is large and liquid and the demand for such high quality paper makes these investments trade at lower yields to competing spread products but above sovereign debt of the respective country



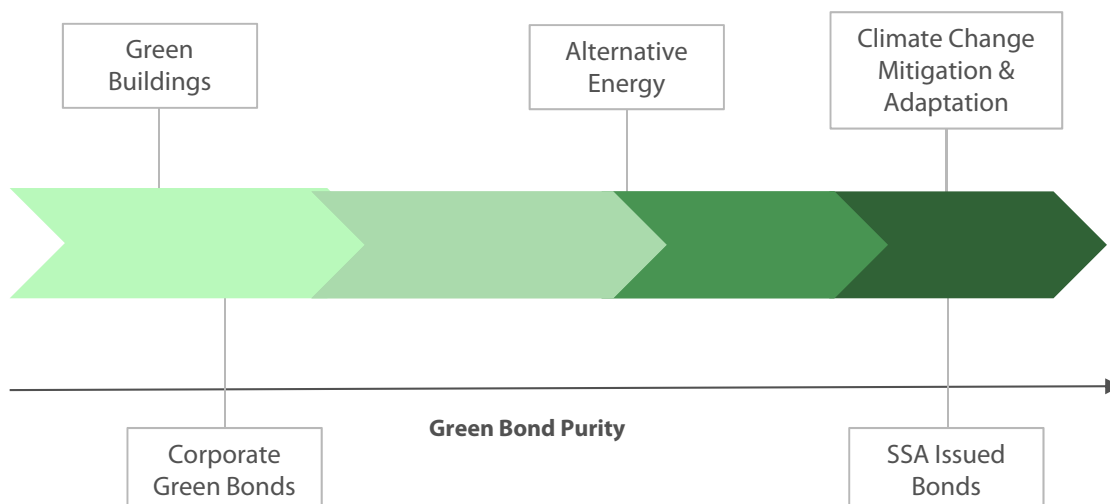
Green Bond Market

- There are many different Green Bond issuers and proceeds are used for a broad range of applications
- SSA Green Bonds represent the 'gold standard' of environmental friendliness

Green Bond Investment Universe



Example of the Scale of Green Bond Purity



Global Green Bond Fund (UCITS)

- Long experience in the market in Green and SSA markets
- AAA
- Exposure to Emerging Markets
- No exposure to corporates
- “Dark Green” paper (Cicero Shades of Green*)
- Proceeds of projects are approved by third parties

<https://emea.nikkoam.com/ucits>

Key Characteristics

Pure Green Exposure

Green Bonds held all adhere to Green Bond Principals



All Green Bonds that will be purchased will be eligible to be included in the BofA Merrill Lynch Green Bond Index. The BofA Merrill Lynch Green Bond Index tracks the performance of securities issued for qualified “green” purposes. Bonds must have a clearly designated use of proceeds that is solely applied towards projects or activities that promote climate change mitigation or adaptation or other environmental sustainability purposes.

EM & DM Exposure

Actively/dynamically managed EM/DM exposure



The investment team evaluates both developed and emerging markets and forms allocation decisions based on their in-house investment views. Nikko AM believes the exposure to emerging markets is an attractive addition and differentiator to other Green Bond portfolios and an alpha opportunity. The team will invest actively and rebalance emerging market and developed market allocation based on market conditions.

AAA

Invests in Sovereign & SSA Green Bonds



Due to the availability of Green Bond paper in the SSA investment universe, it is the intent of the investment team to invest as close as possible to 100% of the Fund in Green Bonds. In situations, where it is not possible to achieve access to desired Green Bonds on direct issues, the investment team will utilise FX overlay to allow for efficient portfolio risk management. In addition to supnationals, Nikko AM would consider purchasing government issued Green Bonds and local authorities.



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, Global Head of Fixed Income



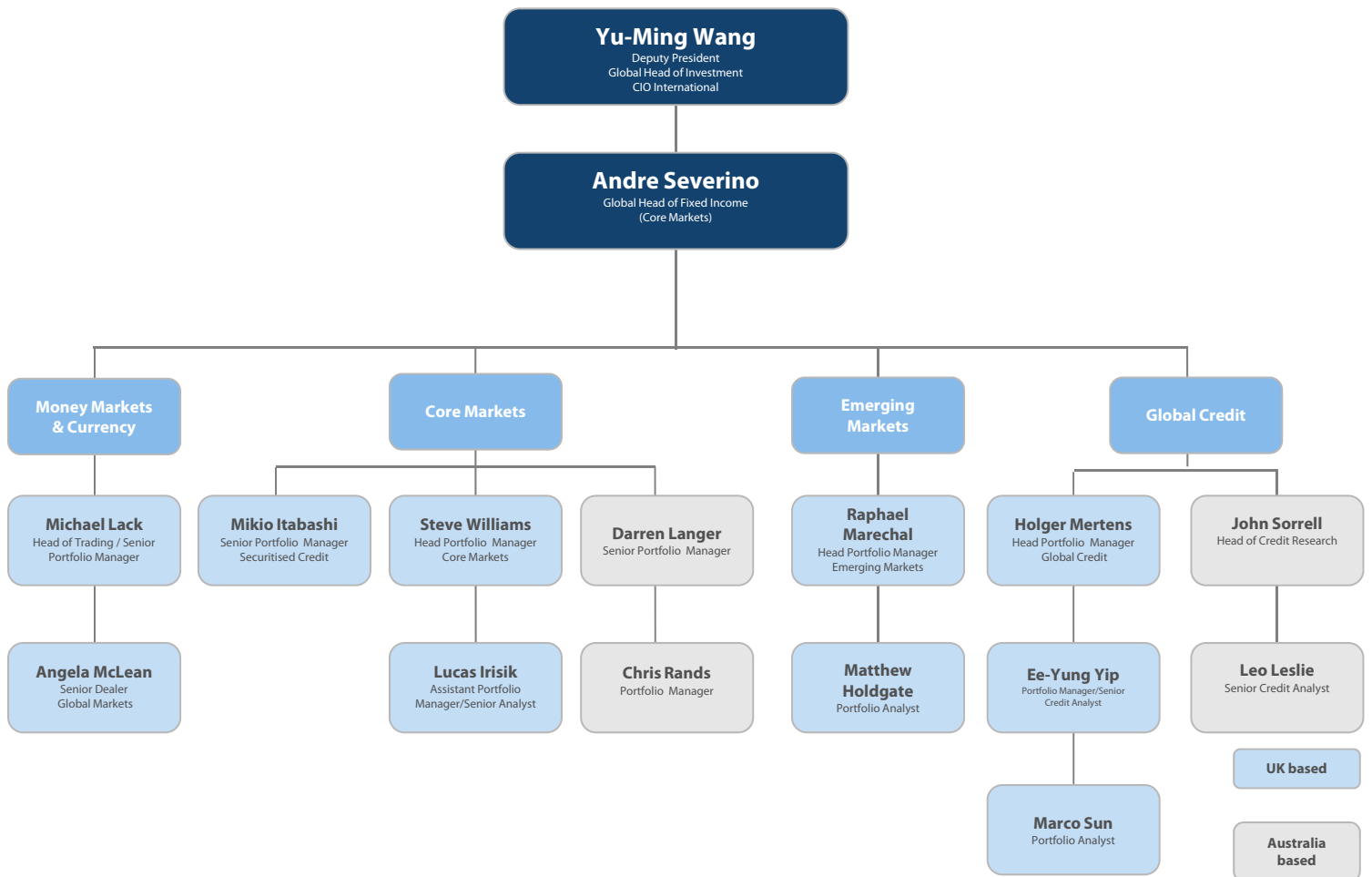
Andre Severino, is the Head of Global Fixed Income and a Senior Managing Director in Nikko AM's London office. Andre's has overall responsibility for London's Global Fixed Income team that consists of 11 investment professionals and manages in excess of \$11 billion in assets across a broad range of strategies. Andre originally joined Nikko AM's New York office in 2007 before transitioning to the London office in 2010, where he took over the management of the team in 2014. In that time, Andre has built a robust investment team and a consistent investment process used across the team helping to generate ideas and construct high conviction portfolios. Additionally, Andre has been responsible for managing Nikko AM's High Conviction Bond Strategy since April of 2008 which has grown to over \$4.5 billion.

Andre has over 20 year's investment experience with a particular focus in managing assets in Global Macro and in Developed Sovereign markets. Prior to Nikko AM, was with Fairstream Capital Management, a Global Macro hedge fund acquired by Nikko Asset Management Americas in 2007. Prior to Fairstream, 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 11 investment professionals in London with a further 4 in Nikko AM's Sydney office 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.



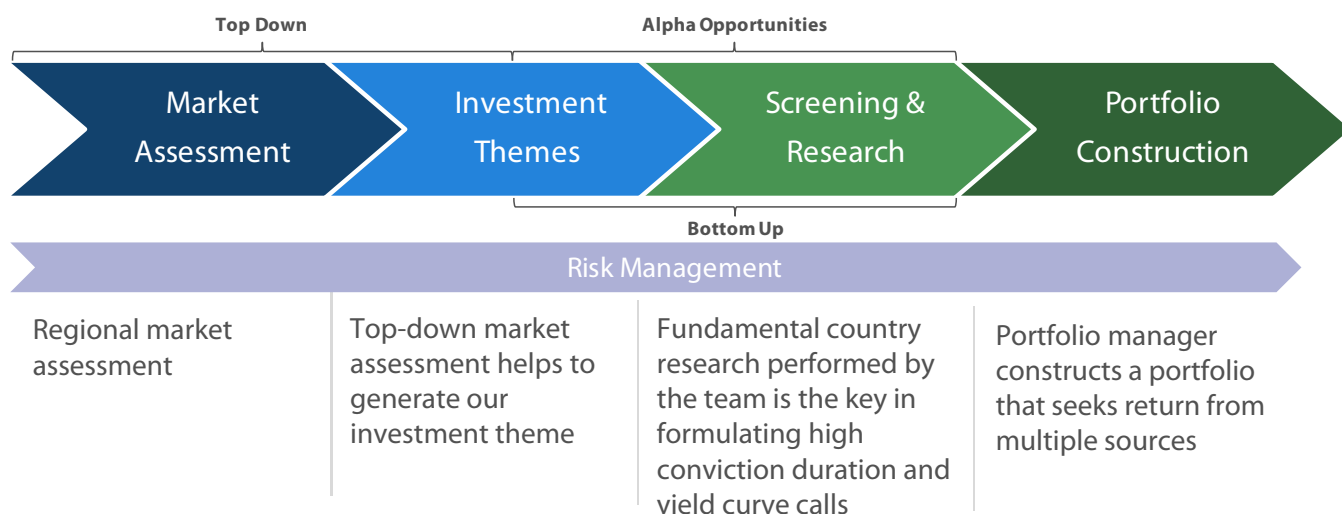
Our Team





Our Process

“A consistent four-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 team and the independent risk management team to ensure that risks are identified, evaluated, monitored and mitigated.



Our Edge

Proven Track Record

Nikko AM has a long history in managing Green Bonds and launched the world’s first Green Bond Fund in 2010. As well as dedicated Green Bond strategies, we also hold Green Bonds in our other Global Fixed Income portfolios.

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.



Transparency

A key aspect of due diligence towards the issuers for Nikko AM is the transparency the issuer provides on their Green Bond programme. Additionally, the quality of reporting and availability of information would be taken into account.

Perhaps the most recognised risk related to Green Bonds is 'greenwashing', which is defined as the superficial or insincere display of concern for the environment.

The strategy does not have exposure to green corporate bonds, where credibility and transparency of programmes can be questioned.

Before investing, Nikko AM would assess the following before making the decision to invest:

- Clear description of the projects to be financed (including goals, projected impacts, sustainable development principals)
- Competent project selection as well as a fully transparent process of the management of proceeds
- A frequent public reporting including project description, allocation of funds and environmental impacts (quantified where feasible)
- A verification of the project selection and use of funds from an independent third party

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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