



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

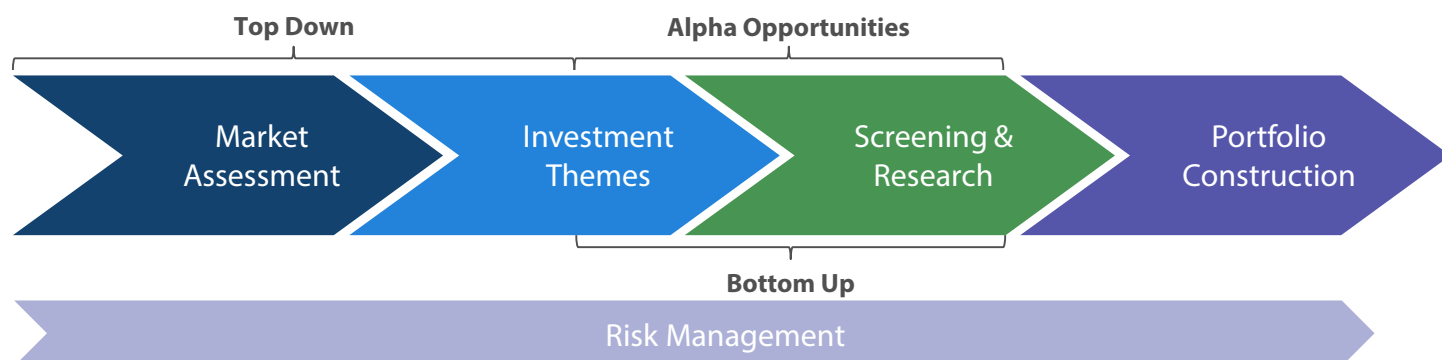
Interest Rate
Forecasting

Currency
Management



Our Process

The investment team uses a consistent investment process that incorporates quantitative and qualitative inputs from experienced investment professionals. The 4 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
- Over the last 12 months to 30 September 2016, we have secured in excess of USD 2 billion managing the following products:
 - US Municipal Bond
 - US Investment-Grade Corporate
 - GNMA Strategies
 - Danish 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 seek 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

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Contact Us

UK—Nikko Asset Management Europe Ltd

Tel: +44 (0)20 7796 9866

Email: Emarketing@nikkoam.com

Japan—Nikko Asset Management Co., Ltd.

Tel: +81(0)3-6447-6000

Email: InternationalSalesPlanningDept@nikkoam.com

Singapore—Nikko Asset Management Asia Limited

Tel: +65-6500-5700 , 1-800-535-8025

Email (Intermediary Sales): SGContactUs@nikkoam.com

Email (Institutional Sales): sginstitbusinessdev@nikkoam.com

Hong Kong—Nikko Asset Management Hong Kong Limited

Tel: +852-3940-3900

Email: HKinstitbiz@nikkoam.com

Australia—Nikko AM Limited

Tel: +61-2-8072-6300

Email: enquiries.au@nikkoam.com

New Zealand—Nikko Asset Management New Zealand Limited

Tel: +64-9-307-6363

Email: NZenquiries@nikkoam.com

USA—Nikko Asset Management Americas, Inc.

Tel: +1-212-610-6100

Email: USsalesinquiries@nikkoam.com