



NIKKO ASSET MANAGEMENT GLOBAL EQUITY

Experience, Future Quality, Execution

Nikko Asset Management's Global Equity team is based in Edinburgh, Scotland. The team comprises of portfolio managers/analysts, with an average 21 years' industry experience. The team's flat structure is designed to maximise their ability to capture their best ideas in client portfolios and to minimise any behavioural biases that may prevent them from achieving the best results for clients.

Experience

Significant diversity of background and combined breadth of experience through a variety of market cycles and crises across global investment markets enables them to 'join the dots', applying their knowledge to think laterally and pragmatically to find the best available investment opportunities.

Future Quality

The team believes that superior returns on capital over the long term will deliver better performance. The common feature of the ideas that make it into a client's portfolio is what the team calls 'Future Quality'. Future Quality means any company where the growth in future cashflow, its sustainability and the level of returns to investors is not reflected in the share price today. The team assesses companies to understand the quality of management, the quality of the company franchise, the quality of cashflows and balance sheet.

Execution

The team believes that effective execution of the process relies on a culture of focused collaboration to achieve one goal: high conviction portfolios that aim to achieve the best outcomes for clients.

It is this combination of extensive experience, Future Quality and effective execution that offers a compelling and differentiated outcome for our clients.



**Cognitive
diversity**



21 YEARS
Average Experience



**5 PORTFOLIO
MANAGERS**

**Operating in a flat
Structure**



Experience

Our Team

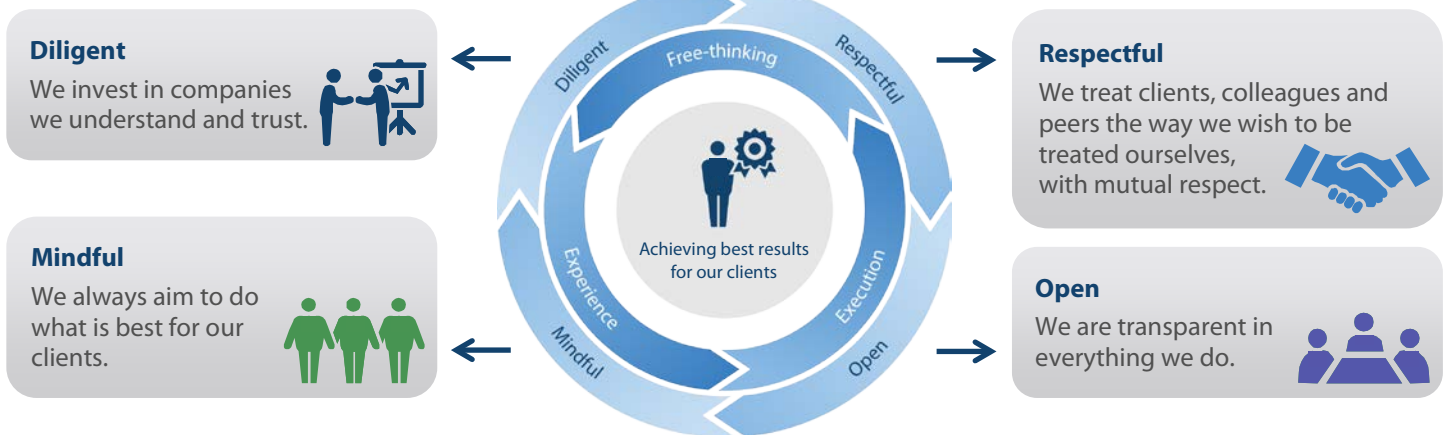
In a world awash with potential investment prospects, the team’s depth, balance and diversity of experience through a variety of market cycles helps them to quickly identify the real opportunities and focuses their research efforts.



Experience as at 31 December 2017

Our Difference

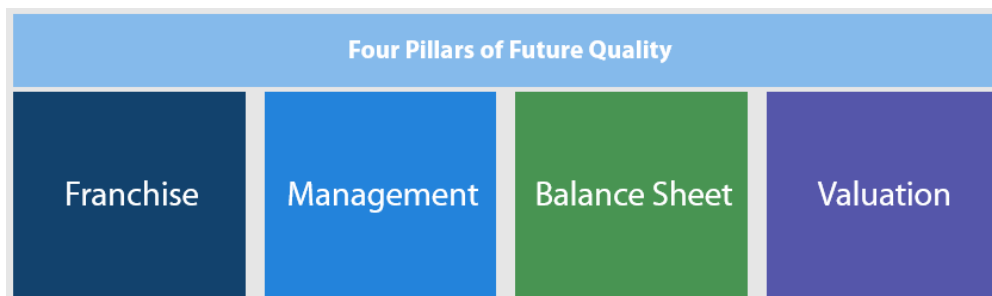
Our values form the foundation of our process.





Future Quality

It is our belief that no one formula or person holds the key to creating value. It's all about the team and the dynamic in which we generate ideas and implement them.



**COMBINED
Specialists +
Generalists**

**Cognitive
Diversity**

We invest for Future Quality:

Quality of franchise

We believe that sustainable and superior returns on capital over the long term will deliver better compound returns. Business franchises evolve, so we focus on future returns. ESG factors may impact future returns and consequently franchise quality.

Quality of management

The leadership and culture of a business can have a significant bearing on its future growth. We look for strategic vision, strong internal leadership and a high standard of corporate governance. Governance defines how a company achieves its objectives and understanding the role of management is key to determining if capital will be deployed effectively.

Quality of balance sheet

We prefer to invest in businesses that can finance future organic growth using their own capital.

Quality of future valuation

The future return on investment and the growth of a company's cash flows are key focus points and our research models forecast these in detail. We seek companies where the future is not reflected in today's valuations.



Execution

Investment Style and Process

Our strategy is high conviction and benchmark-unconstrained, with an active share of typically 85%–95%. Our team selects a concentrated portfolio from listed companies across the globe. Investment opportunities are not defined by the prescriptive nature of benchmarks. The team believes that alpha can be sourced from any company across the geographical and market capitalisation spectrum. Team members are fundamental, long-term investors who focus on bottom-up stock selection with an element of top-down input.

Each element of the team’s four-step investment process is designed to produce optimal outcomes, from idea generation through fundamental research to peer review and finally to portfolio construction. This process is disciplined, accountable and transparent, relying on open debate within the team and robust risk controls to build efficient, high conviction portfolios.

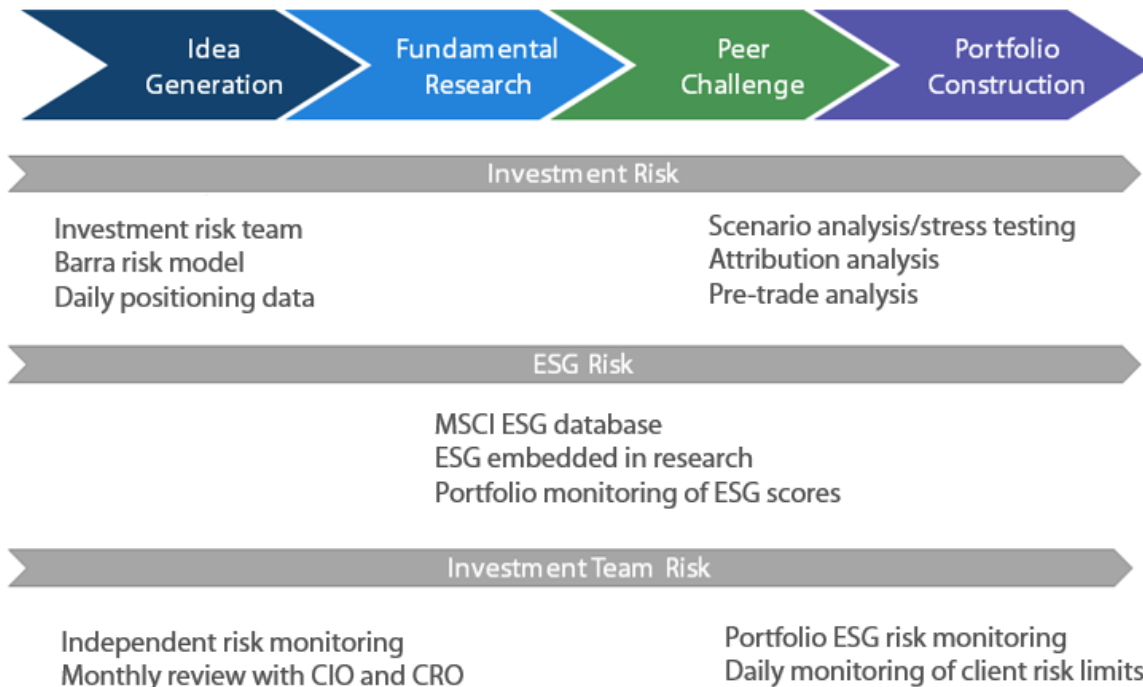
The team identifies businesses with, or with a path to, high and sustainable returns, which are under-appreciated by the market. We describe these as ‘Future Quality’.

The process delivers a high active share, differentiated global equity portfolio that aims to provide superior returns through a disciplined and clear investment process.

Future Quality

HIGH CONVICTION
40–50 Holdings

Active Share
~85%–95%



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