

Nomura Global High Conviction Fund Commentary

MARCH 2024

The Nomura Global High Conviction Fund returned +2.50% in March, struggling to keep up with a strong month for the equity markets, underperforming the MSCI All-Country World Index benchmark by 0.59% (performance net of fees, as per 28/03/2024, in USD). When the benchmark and fund pricing timings are harmonised, the underperformance is around 0.50% behind the benchmark.¹

The slight underperformance in March was driven by sector allocation, mainly from our overweight in Consumer Discretionary, a sector that trailed the market strength.

The main positive contributors were:

- NextEra shares (+16%) performed strongly after the announcement that the Federal Election Commission had closed its case looking into certain contributions in relation to its Florida Power & Light division, which removed an overhang for the stock whilst the renewables business hosted a very positive renewables day for investors further underlining just how far ahead the company is versus peers.
- On Johnson Controls (+11%) there was a mix of good news and positioning leading to good performance in March, strength across US names with similar end market exposure, positive momentum in indicators like Architects Billings Index, some catching up following weak January results and some speculation about the company being closer on selling their non-commercial HVAC business.
- Finally, TMSC (+10%) the key outsourcer for NVIDIA's AI chip manufacturing has benefited from strong demand of NVIDIA's AI chips.

On the detractors side, AIA (-17%), was dragged down after their earnings reports. Our view is that the extreme underperformance in AIA is in part a reflection of a final capitulation on higher quality China exposed names with the entire peer group being sold relentlessly. AIA results were modestly disappointing and do not support a pushing back against the narrative of weakening returns in its key markets; however there are clear green shoots with regards to the rebound in NBV margins and a relatively clear pathway to returning growth. Not holding NVIDIA (+14%) was also an important headwind for our relative performance in March.

We took advantage of the weakness in Adobe shares in March (-10%) after they reported Q1 results, to build a **new position** in the company. Results were ahead of expectations, but many investors were disappointed by their outlook and the pushing back of expectations for the monetisation of generative AI. Adobe is including their generative AI model Firefly into their creative suite and raising prices, but investors want Adobe to be more aggressive in charging for Firefly.

¹ Source: NAM, Bloomberg.

Past performance is not indicative of future returns

Nomura Funds Ireland – Global High Conviction Fund, I USD

Performance net of fees, as per 28.03.2024, in USD

	Nomura Funds Ireland - Global High Conviction Fund (I USD)	MSCI AC World Index
1 Month	2.50%	3.09%
3 Month	5.94%	8.14%
YTD	5.94%	8.14%
31.03.2023 - 28.03.2024	17.35%	23.15%
31.03.2022 - 31.03.2023	-3.87%	-7.44%
31.03.2021 - 31.03.2022	1.48%	7.28%
31.03.2020 - 31.03.2021	48.75%	54.60%
29.03.2019 - 31.03.2020	-4.66%	-11.25%
29.03.2018 - 29.03.2019	10.71%	2.68%
31.03.2017 - 29.03.2018	15.13%	14.76%
31.03.2016 - 31.03.2017	10.85%	15.04%
Since Inception (21.12.2015)	131.76%	131.18%

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