

Nikko Asset Management Launches Global TLAC Bond Strategy

Nikko Asset Management (Nikko AM) is one of the first asset managers to develop a customised Global TLAC (Total Loss-Absorbing Capacity) Bond Fund dedicated to investing in TLAC bonds. The Fund is managed by its London-based Global Fixed Income team and over JPY 18 billion (EUR 144 million) was raised in 2019 from Japanese institutional investors, reflecting growing demand for higher yielding quality investment solutions.

Head Portfolio Manager of Global Credit, Holger Mertens said, "Investing always starts with an in-depth credit analysis. However, once the team gets comfortable with the credit quality of a bank we are willing to go down the capital structure of an issuer. The final investment decision depends very much on the premium offered by an issuer, we believe this is an area of the market where fundamental research is critical."

In November 2015, the Financial Stability Board issued the final minimum TLAC standard for global systematically important banks (G-Sibs). TLAC bond instruments are ranked between the issuer's traditional senior unsecured and its subordinated bonds. Their location within the mezzanine structure provides active investors the opportunity to earn a strong premium.

"We are delighted to have launched the Global TLAC Bond Fund which broadens the Firm's progressive solutions offering. The Fund was launched for institutional investors in Japan looking to invest in higher yielding instruments. We believe our investors are being fairly compensated for the risk being taken in these bonds and this solution will likely appeal to institutional investors in EMEA as well," said Andre Severino, Global Head of Fixed Income.

Nikko AM's Global Fixed Income team provides customised and dedicated solutions for clients globally. The team manages over EUR 10 billion with capabilities in Developed Markets, Emerging Markets Local Currency Bonds, Global Credit, European Credit, Green Bonds, Multi-Currency and Money Markets.

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About Nikko Asset Management

With US\$202 billion* under management, Nikko Asset Management is one of Asia's largest asset managers, providing high-conviction, active fund management across a range of Equity, Fixed Income, Multi-Asset and Alternative strategies. In addition, its complementary range of passive strategies covers more than 20 indices and includes some of Asia's largest exchange-traded funds (ETFs).

Headquartered in Asia since 1959, the firm represents nearly 200** investment professionals and over 30 nationalities across 11 countries. More than 300 banks, brokers, financial advisors and life insurance companies around the world distribute the company's products.

The investment teams benefit from a unique global perspective complemented by the firm's historic Asian DNA, striving to deliver consistent excellence in performance. The firm also prides itself on its progressive solution-driven approach, which has led to many innovative funds launched for its clients.

For more information about Nikko Asset Management and to access its investment insights, please visit the firm's [homepage](#).

* Consolidated assets under management and sub-advisory of Nikko Asset Management and its subsidiaries as of 31 December 2018.

** As of 31 December 2018, including employees of Nikko Asset Management and its subsidiaries.

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