
Nikko Asset Management Launches Corporate Hybrid Bond Fund

Nikko Asset Management (Nikko AM) has launched a Corporate Hybrid Bond Fund dedicated to investing in hybrid debt of highly rated corporations. The Fund is managed by its London-based Global Fixed Income team and JPY 5.1 billion (EUR 42 million) was raised from Japanese institutional investors, reflecting growing demand for higher yielding quality investment solutions.

Senior High Yield Analyst and Portfolio Manager of the Fund Richard Kehoe said, "Corporate hybrids have features of both debt and equity securities that can provide an incremental yield advantage relative to senior unsecured debt, which is attractive to our institutional clients. We believe this is an area of the market where security selection based on rigorous fundamental research best positions you to capture opportunities in the space."

Demand for corporate hybrid bonds has grown significantly since 2013 where issuance has expanded beyond utilities and telecommunications companies to auto manufacturers and energy companies, among others. Corporate hybrid bonds are unique in that they are senior to equities in the capital structure and pay a coupon, and yet share equity characteristics such as no maturity date (or very long maturities) and the issuer may decide not to pay the coupon, similar to a dividend. Their location within the capital structure provides active investors the opportunity to earn a strong premium.

"The Corporate Hybrid Bond Fund is another progressive solution we are offering our clients where we believe they are being suitably paid for the risk they are taking. The strategy was developed for institutional investors in Japan looking to generate positive yields in a negative rate environment and we believe this solution will also appeal to institutional investors throughout Asia and EMEA as well," said Andre Severino, Global Head of Fixed Income.

The London-based Global Fixed Income team provides customised and dedicated solutions for clients globally. The team manages capabilities in Developed Markets, Emerging Markets Local Currency Bonds, Global Credit, Green Bonds, Multi-Currency and Money Markets. Nikko AM manages over EUR 31 billion in Fixed Income assets across its business.

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About Nikko Asset Management

With US\$246 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 employs approximately 200** investment professionals, representing approximately 30 nationalities across 11 countries. More than 400 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 2019.

** As of 31 December 2019, including employees of Nikko Asset Management and its subsidiaries.

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