



Naisbitt King

Integrity - Vision - Performance

Corporate Presentation

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# Introduction



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# Meet the Senior Team



Alastair King

Chairman & Founder

Qualified solicitor & venture capitalist prior to founding Naisbitt King  
Sheriff of London for 2023 and Lord Mayor of London from November 2024

Corinne Lee

Chief Operating Officer

Head of family office at Naisbitt King  
Highly experienced broker and primary dealer in the bond market



Trevor Cooper

Chief Investment Officer

Highly experienced in fund management, bond trading & issuance  
Fellow of the Chartered Institute of Securities and Investments (FSICI)

Sophia Mooney

Compliance

Head of compliance and CSR at Naisbitt King  
Experienced in the Arts world having spent 7 years at Sotheby's



Zinzan Hunter

Research Analyst

Graduated from the University of Leeds with a first-class degree in Physics  
Studying towards the CFA Level II having completed CFA Level I and the IMC

# Fixed Income Specialists

Naisbitt King Asset Management is an independent investment manager.

Our impartial investment theses are built upon internal research and analysis using our knowledge, experience and expertise accumulated over years of successfully running segregated client portfolios.

## Bespoke Portfolio

Portfolios are bespoke, tailored to client's investment preferences, wishes and requirements. Always considering:

- Client goals
- Currency selection
- Risk profile
- Ethical preferences
- Market dynamics and risks
- Macroeconomic events





# Why Choose Naisbitt King?



Detailed, **independent** credit research which has successfully **driven** portfolio returns. Experts in credit rather than generalists.



We are **nimble**; portfolio decisions are made quickly and efficiently for events needing **swift, decisive** action.



**Personal** service including individual monthly reporting and accountability for every client portfolio. We are always available to **chat bonds!**



# Investment Management Services

Naisbitt King Asset Management offers assets management services, on a **discretionary** or **advisory** basis. The key differences are:

Discretionary	Advisory
<ul style="list-style-type: none"><li>• Mandates are the basis for all portfolios, detailing the <b>scope</b> and <b>requirements</b> of all investments to the client's satisfaction</li><li>• Naisbitt King Asset Management does not custody client money or assets</li><li>• Assets remain with the clients chosen custody entity</li><li>• Responsibility for dealing remains with Naisbitt King Asset Management</li><li>• We maintain <b>portfolio risk and performance</b> metrics</li></ul>	<ul style="list-style-type: none"><li>• Mandates are the basis for all portfolios, detailing the <b>scope</b> and <b>requirements</b> of all investments to the client's satisfaction</li><li>• Naisbitt King Asset Management does not custody client money or assets</li><li>• Assets remain with the clients chosen custody entity</li><li>• Responsibility for dealing remains with you the client</li><li>• Subject to receiving trade details, we maintain portfolio risk and performance metrics</li></ul>



# Investment Process



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# Investment Philosophy



**Independent credit research** is the cornerstone to our successful track record in the bond markets.



We have managed funds throughout market cycles and while difficult times are inevitable, our **track record** demonstrates we can **navigate** them better than most.



We have expertise in creating bespoke portfolios which have generated **dependable** returns through **income** and **capital appreciation**.



Only investing in **liquid credit** has provided us the ability to adapt to rapidly shifting idiosyncratic- or macroeconomic events.



# Case for Credit

## Reliability

Credit provides investors with **dependable** returns through **income** cash flows and **capital appreciation**.

## Low Default Rates

Credit quality is strong. European companies with Investment Grade credit ratings have received more rating **upgrades** than downgrades for the past **12 quarters**.

## Opportunities

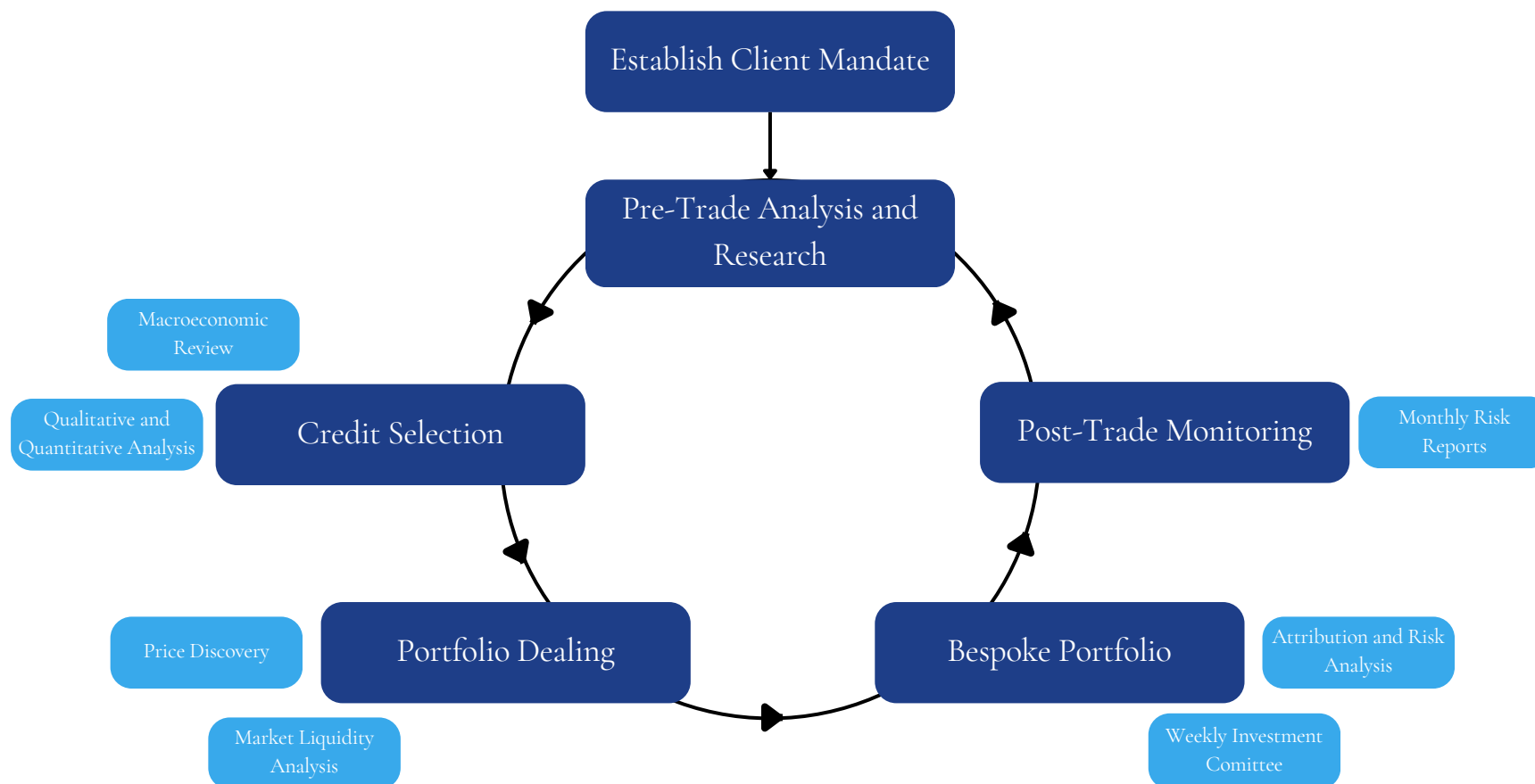
Market dislocations are a common occurrence providing active investors with opportunity to capitalise on the inefficiency. This brings with it both risk and opportunity.

## Volatility

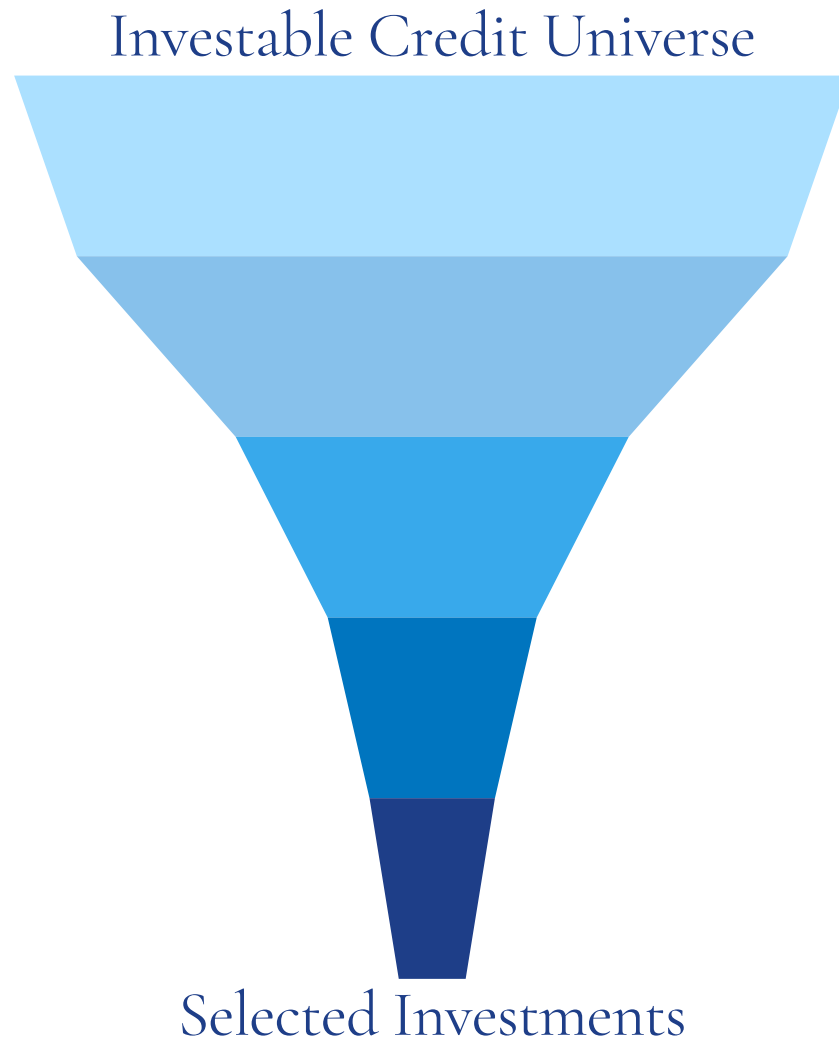
Equity markets are volatile while the fixed income market offers **historically attractive returns** with **less volatility**.



# Our Investment Process



# Naisbitt King Investment Process



## Monitoring

General overview of macroeconomic and credit environments.

## Macro-Analysis

Identifying relative value along the credit curve and in geography, sector, currency and documentation.

## Mirco-Analysis

Proprietary qualitative and quantitative analysis of financial statements and relevant news.

## Screening

Detailed filtering of credit universe identifying suitable corporate bonds.

## Bond Selection

Independent credit selection.



# Post-Trade Analysis and Reporting

## DAILY

Conducting independent qualitative and quantitative research on credit markets and analyzing investment positions to ensure continued compliance with our investment theses.

## WEEKLY

Weekly investment committee meetings covering all aspects of credit markets and their potential impact on client portfolios.

Dives into market conditions and potential external shocks, assessment of portfolio performance.

## MONTHLY CLIENT REPORTING

**Risk Reports:** Bespoke monthly reports for each portfolio detailing sectoral-, geographical- and currency-allocation, top holdings, risk measures and performance figures.

**Global Reports:** If requested we can create a holistic report covering total client wealth.

## QUARTERLY

Credit market commentary covering:

- macroeconomic events driving markets
- potential credit catalysts
- idiosyncratic stories
- notable new issues
- rating actions



# Case Studies



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# Sectoral Case Study

## Additional Tier 1

**Additional Tier 1 (AT1)** bonds, the most junior level of bank debt, is essential to the capital structure.

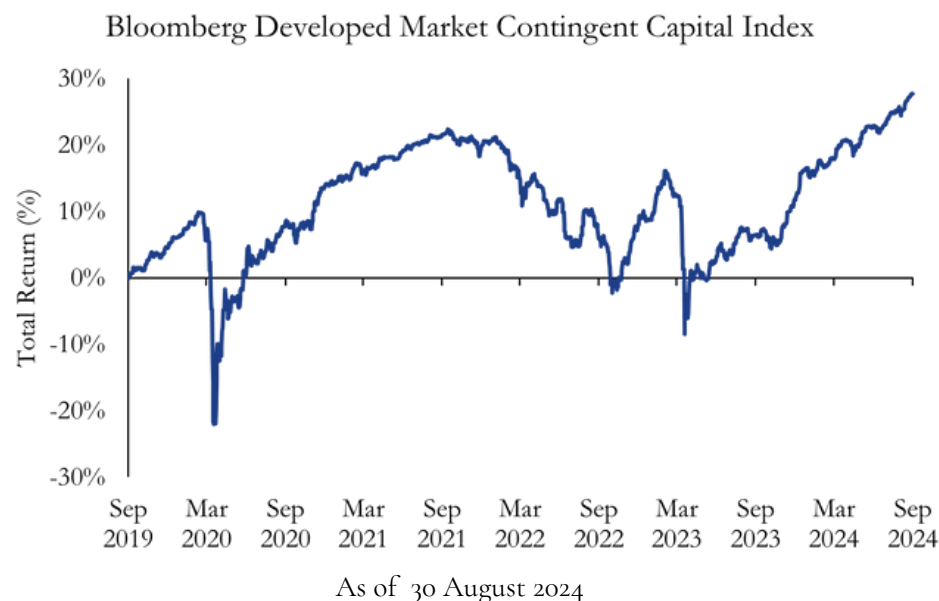
Regulators need the market to function efficiently and **existential threats** are limited.

The yield available is **competitive** with long-term equity returns. We expect for the majority of bonds to be called at their first opportunity, typically 5-10 years after issue.

Returns available are **disproportionate to the risk**, given levels of bank capital.

**Common Equity Tier 1 (CET1)** ratios are far in excess of their regulatory mandated levels and provide AT1 investors with comfort.

**Credit Suisse** was an idiosyncratic story of mis-management not emblematic of the sector, likewise the action of **FINMA** (the Swiss Regulator) to cancel AT1 and maintain equity was opposed by UK and European regulators.





# Company Case Study

## Ashtead Group

Ashtead Group is an equipment rental company operating in the UK, US and Canada.

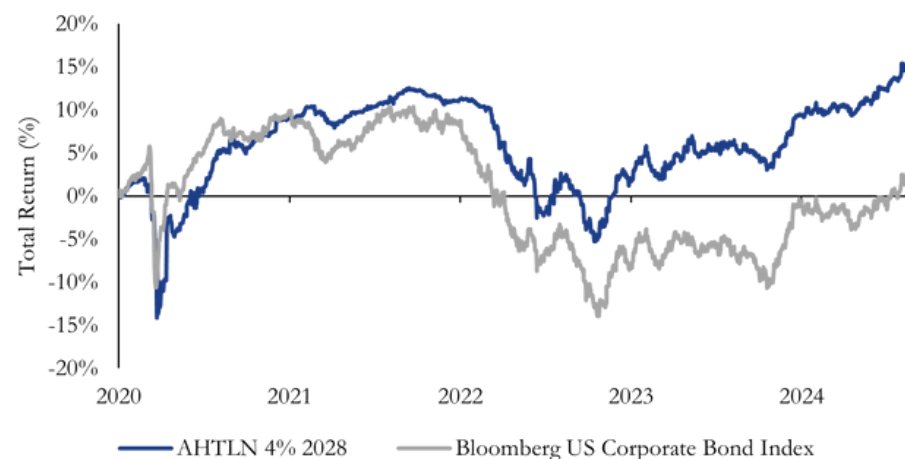
Ashtead has the **second largest market share** of equipment rental in the United States, its largest market, and has benefitted from a structural shift away from ownership, towards equipment rental.

This change has been driven by a number of US firms 're-shoring' operations increasing the number of new construction projects, particularly the number of '**mega-projects**' - those with a total cost over \$400m. Ashtead suggest there are **501 mega-projects** planned for 2025-27 with a total value of **\$759bn**.

The trend benefitted Ashtead who **grew revenues at 13% per year** for 5-years, nearly **doubled** the size of the balance sheet without altering creditworthiness and received a **rating upgrade** from Fitch Ratings.

Naisbitt King has been a long-term holder of Ashtead bonds, which returned **15.8%** from the start of 2020 to August 2024, compared with 2.9% for the wider market over the same period.

Ashtead 4% 2028 Total Return vs Bloomberg US Corporate Bond Index



As of 30 August 2024



# Bond Selection Case Study

## Tesco 6.15% 2037

UK supermarket leader Tesco has one US dollar bond in issue; Tesco 6.15% 2037.

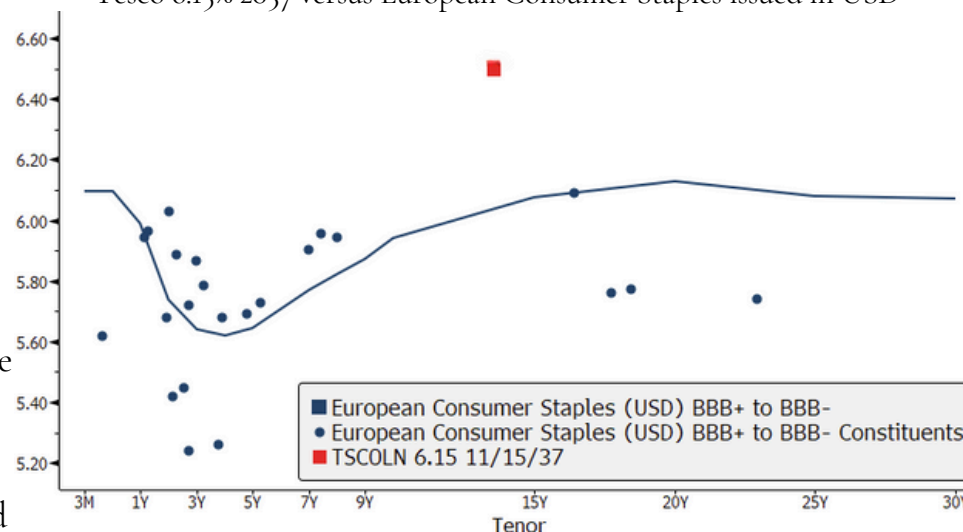
In late April 2024 this bond **traded wide** compared to a group of peers.

The chart shows yield compared to maturity for the peer group, with Tesco represented by the red square, peers by blue dots and the group average by the blue line.

Our research indicated the additional yield available from this bond is not an reflection of a lack of Tesco's **creditworthiness**. Suggesting, the bond trades wide of the market due to a lack of name recognition among US dollar investors.

Naisbitt King Asset Management purchased the bond for clients and as of the end of August 2024, four months after investment, the bond tightened to the peer average and earned a total return of **9.5%**.

Tesco 6.15% 2037 versus European Consumer Staples issued in USD



As of 30 April 2024

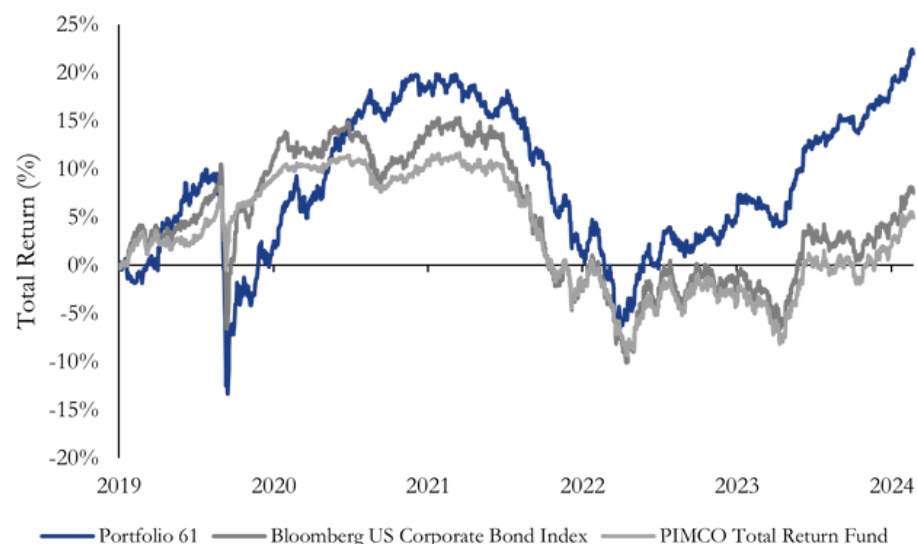
# Naisbitt King Performance



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# Portfolio Case Study

This discretionary portfolio was created for a South African client with a deep knowledge of credit markets. The portfolio is multi-currency, containing sterling and dollar denominated bonds. Comprised of a wide ranging list of investment grade and high yield holdings, the current average credit rating of the portfolio is Baa2/BBB/BBB. Financials comprise 54% of the portfolio with a diverse spread of industries comprising the remaining 46%. The mandate includes a list of sectors the client won't invest in, including: automobiles, airlines, retail, property, among others. Since inception, in 2019, this portfolio has returned +21.95% versus 5.00% for the PIMCO Total Return Fund over the same period and 7.49% for the Dollar benchmark.



As of 30 August 2024

## Portfolio 61 - Monthly Total Return

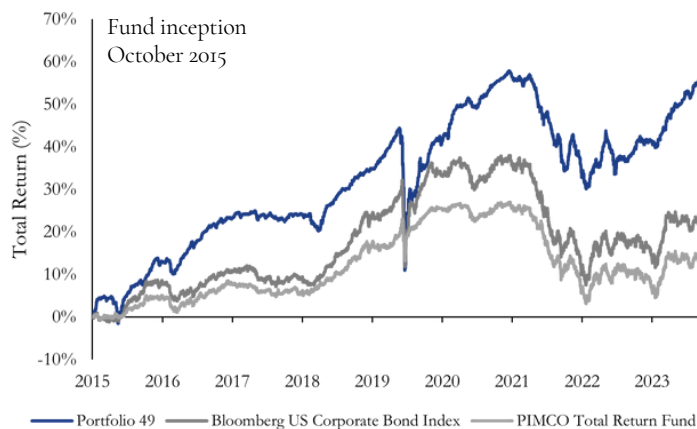
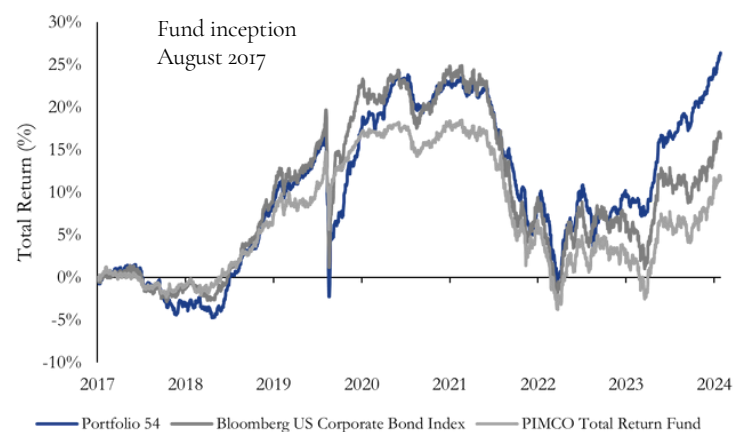
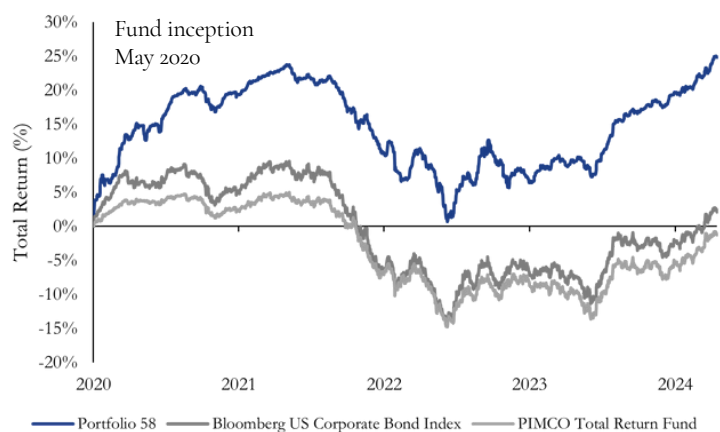
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2019							-0.77%	-0.47%	1.45%	4.65%	0.52%	2.72%	8.25%
2020	1.53%	-2.26%	-12.68%	5.27%	-0.15%	1.70%	5.84%	2.41%	-2.13%	0.65%	4.57%	2.74%	6.25%
2021	0.77%	0.79%	-1.13%	1.34%	2.29%	-1.24%	1.05%	-0.50%	-1.34%	0.58%	-2.21%	1.66%	1.97%
2022	-1.69%	-1.06%	-1.89%	-4.44%	-0.12%	-4.45%	1.79%	-3.96%	-5.50%	2.37%	2.90%	0.75%	-14.66%
2023	3.56%	-1.25%	-0.23%	1.50%	-0.87%	1.76%	2.67%	-0.40%	-1.81%	-0.61%	5.03%	2.96%	12.74%
2024	0.78%	0.24%	1.04%	-0.54%	1.78%	0.39%	2.33%	1.82%					8.07%

As of 30 August 2024



# Portfolio Performance

Below are a selection of performance charts of Naisbitt King Asset Management portfolios since their respective inception dates. The portfolios are compared to our benchmark the Bloomberg US Corporate Bond Index and a competitor fund from PIMCO, the PIMCO Total Return Fund.



As of 30 August 2024

# Additional Information



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# Disclaimer

## DEFINITIONS OF INDICES AND TERMS AND ADDITIONAL RISKS

### Additional Risks:

Investing in fixed income products is subject to certain risks, including interest rate, credit, inflation, call, prepayment and reinvestment risk. Any fixed income security sold or redeemed prior to maturity may be subject to substantial gain or loss.

Holders of foreign securities can be subject to foreign exchange risk, exchange-rate risk and currency risk, as exchange rates fluctuate between an investment's foreign currency and the investment holder's domestic currency. Conversely, it is possible to benefit from favorable foreign exchange fluctuations. High Yield bonds are speculative non-investment grade bonds that have higher risk of default or other adverse credit events which are appropriate for high risk investors only.

Investments in emerging markets may not be suitable for all investors. Emerging markets involve a greater degree of risk and increased volatility. Changes in currency exchange rates and differences in accounting and taxation policies outside the USA or the UK can raise or lower returns. Some overseas markets may not be as politically and economically stable as the USA, UK and other nations. Investments in emerging markets can be more volatile. Preferred investments share characteristics of both stocks and bonds. Preferred securities are typically long-dated securities with call protection that fall in between debt an

d equity in the capital structure. Preferred securities carry various risks and considerations which include: concentration risk; interest rate risk; lower credit ratings than individual bonds; a lower claim to assets than a firm's individual bonds; higher yields due to these risk characteristics; and "callable" implications meaning the issuing company may redeem the stock at a certain price after a certain date.

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Investment strategies are selected from both NKAML and third-party asset managers and are subject to review process from our manager research teams. From this pool of strategies, our portfolio construction teams select those strategies we believe fit our asset allocation goals and forward looking views in order to meet the portfolio's investment objective. As a general matter, we prefer NKAML managed strategies.





# Disclaimer

## IMPORTANT INFORMATION

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