

Factsheet 30 April 2022

NIKKO AM GLOBAL EQUITY UNHEDGED STRATEGY

Assets are held in the Nikko AM NZ Wholesale Global Equity Fund. The Nikko AM Global Equity Fund (retail) invest in units in the wholesale fund, which the commentary refers to.

Market Overview

- Factors that drove the weakness seen earlier in the year came back to market prominence in April. Foremost amongst these were fears over inflation and what the World's Central Bankers would do about it.
- The best performing sector this month was Consumer Staples, as investors sought out parts of the market with inflation-proof earnings.
- The US underperformed - dragged lower by its high exposure to Technology and the weak performance of index heavyweights such as Amazon, Tesla and Google.

Fund Highlights

- The fund returned -0.80% in April to outperform the benchmark return of -1.41% by 62 basis points (bps).
- The fund benefitted from its overweight exposures and stock selection within the Materials.
- The main detractors were stock selection in the Healthcare sector and the underweight exposure to the top performing consumer staples sector.

Performance

	One month	Three months	One year	Three years (p.a)	Five years (p.a)	Ten years (p.a)
Wholesale ¹	-0.80%	-4.69%	5.12%	14.61%	13.95%	13.97%
Benchmark ²	-1.41%	-7.35%	4.53%	10.41%	10.69%	12.12%
Retail ³	0.22%	-2.27%	5.37%	14.09%	13.16%	

1. Returns are before tax and before the deduction of fees. Based on actual calendar periods.

2. Benchmark: MSCI All Countries World Index (net dividends reinvested), in NZD terms. No tax or fees.

3. Returns are before tax and after the deduction of fees and expenses and including tax credits (if any). Based on change in unit price.

Five Year Cumulative Performance (gross), \$10,000 invested ^{1,2}



Investment Manager

The multi-manager global equity strategy is managed by Yarra Capital Management's (YCM) multi-strategy team based in Sydney and Melbourne. This team provides advice and input to the Nikko AM NZ Investment Committee which is responsible for the ongoing selection, monitoring and review of the underlying investment managers. The Nikko AM NZ Investment Committee comprises senior members from the business and is chaired by the Managing Director, George Carter.

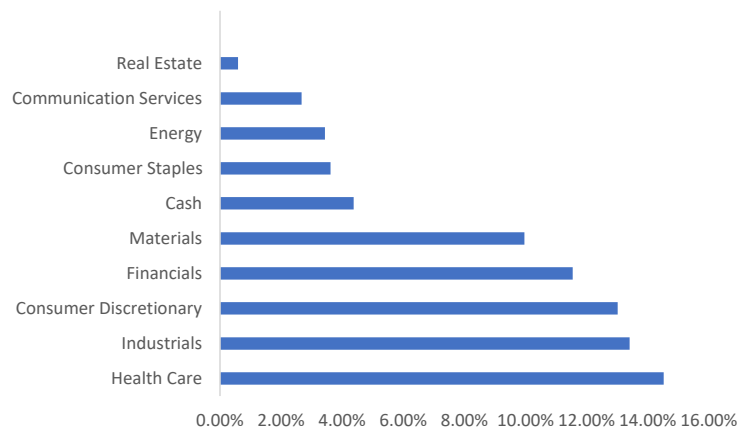
Overview

This fund aims to provide investors with long term growth from an actively managed investment portfolio selected from global equity markets. Currency exposures created as a consequence of global equity investment are unhedged.

Objective

The fund aims to outperform the benchmark return by 3% per annum before fees, expenses and taxes over a rolling three-year period.

Asset Allocation



Top 10 Holdings	% of Fund	Country	Manager	Allocation	Active Return
Microsoft Corp	6.52	US	NAM Europe	28.91%	1.12%
Suncor Energy Inc	2.84	Canada	Royal London	48.34%	1.54%
Progressive Corp	2.71	US	WCM	20.42%	-2.28%
Steel Dynamics Inc	2.69	US	Cash & Derivatives	2.32%	n/a
Amazon Com Inc	2.64	US			
Reliance Steel & Aluminum Co	2.50	US			
Old Dominion Freight Line Inc	2.36	US			
Anglo American Plc	2.34	UK			
Unitedhealth Group Inc	2.31	US			
Visa Inc	2.18	US			

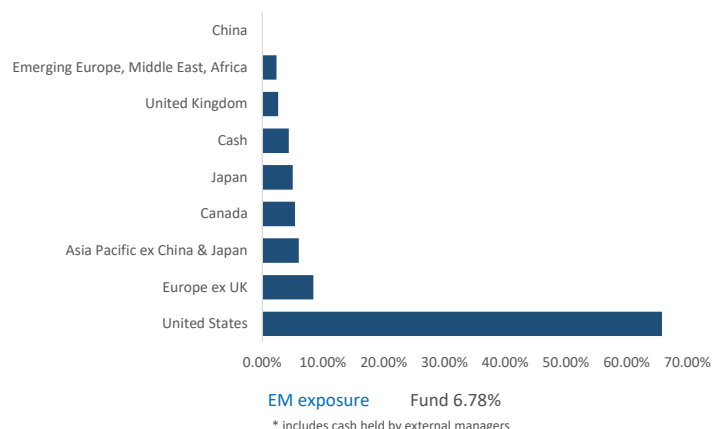
What helped	What Hurt
Suncor Energy	OW Autostore
Reliance Steel	OW Amazon.com
Steel Dynamics	OW Procter & Gamble
	UW

OW: overweight; UW: underweight; NH: no holding – month end position

Market Commentary

Factors that drove the weakness seen earlier in the year came back to market prominence over April. Foremost amongst these were fears over inflation and what the World's Central Bankers would do about it. The S&P 500 lost more than 8% in the month – marking its worst April since 1970. The best performing sector this month was Consumer Staples, as investors sought out parts of the market with inflation-proof earnings. Defensive sectors generally fared well in April, with Utilities, Real Estate and Healthcare all outperforming the broader market too. Regionally speaking, Europe fared relatively well. Whilst the region's economic prospects will probably dim the most in the event of any escalation in the war in Ukraine, a lot of caution was reflected in equity valuations already, heading into April. European indices also have a relatively high exposure to commodities, with Energy and Materials contributing to approximately 14% of the region's benchmark (versus 6% in the US). The US underperformed, dragged lower by its high exposure to Technology and the weak performance of index heavyweights such as Amazon, Tesla and Google.

Geographical Allocation



Fund Commentary

The fund returned -0.80% in April to outperform the benchmark return of -1.41% by 0.62%. Of the underlying managers, Royal London outperformed by 154 bps (1.54%) in April as its overweight exposure to the outperforming materials sector continued to add value. The fund's 49% allocation to Royal London therefore drove the bulk of the outperformance over the month. NAME underperformed by 40 bps, while WCM had yet another tough month, underperforming by 228 bps.

The overweight exposure (5%) and stock selection in the materials sector was the main source of value added over the month. Large overweights to Reliance Steel and Steel Dynamics added the most value, while smaller overweights to non-mining businesses UPM-Kymmene (forest and paper products) and Sherwin-Williams (paints and coatings) also had a positive impact on performance. The fund's sole exposure in the energy sector, Suncor Energy, also added value with a return of 18%. Stock selection in the healthcare sector was the leading detractor from performance. The prime individual detractors were overweight exposures to HCA Healthcare, West Pharma Services, AdaptHealth and Masimo Corp which all fell sharply over the month. The underweight exposure to the top performing consumer staples sector also detracted value. Among the sector's top performers were Procter & Gamble, and while the fund holds Coca-Cola - one of the sector's top performers with a return of 10% in April, HelloFresh and Costco both had negative returns and contributed to the underperformance.

Key Facts

Distributions Generally does not distribute

Hedging Any foreign currency exposure is unhedged

Restrictions: Investment prohibited in any security that conducts activities listed on the Schedule to the Cluster Munitions Prohibition Act 2009. Investment prohibited in tobacco manufacturers.

Estimated annual fund charges (Incl. GST)

Wholesale: negotiated outside of the unit price
Retail: 1.42%, refer PDS for more details

Buy / Sell spread 0.07% / 0.07%

Strategy Launch

October 2008

Strategy size

\$225.9m

Compliance

The wholesale fund complied with its investment mandate and trust deed during the month.

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