

Nikko AM SRI Equity Strategy

Monthly Update 30 April 2025

Assets are held in the Nikko AM Wholesale SRI Equity Fund. The Nikko AM SRI Equity Fund (retail) and the GoalsGetter KiwiSaver Scheme Nikko AM SRI Equity Fund invest in units in the wholesale fund, which the commentary refers to.

Market Overview

- Global equity markets were very volatile throughout April as companies and countries assessed how tariffs announced in early April by the United States would impact them.
- The United States S&P 500 index fell 0.8%, the Japanese Nikkei 225 rose 1.2%, the UK FTSE 100 index declined 1.0%, the Australian ASX 200 index added 3.6% and the MSCI World index ended the month down 0.4% (in local terms).
- The S&P/NZX 50 index ended the month down 3.0%.

Fund Highlights

- The fund ended the month down 2.9%, in line behind the index return.
- EBOS announced a AU\$250m capital raising to fund two recent acquisitions.
- Overweight positions in Infratil and ResMed and an underweight position in Skellerup added value. Overweight positions in Ryman Healthcare and Worley and an underweight position in Genesis Energy detracted from value.

Performance

	One month	Three months	One year	Three years (p.a.)	Five years (p.a.)	Ten years (p.a.)
Wholesale¹	-2.86%	-8.96%	-0.48%	1.86%	4.82%	10.29%
Benchmark²	-2.99%	-8.17%	0.29%	0.88%	3.25%	8.48%
Retail³	-2.87%	-9.09%	-1.49%	0.88%		
KiwiSaver⁴	-2.89%	-9.09%	-1.61%	0.84%	3.36%	

- Returns are before tax and before the deduction of fees and including tax credits (if any).
- Benchmark: S&P/NZX 50 Index Gross (with Imputation Credits). No tax or fees.
- Returns are before tax and after the deduction of fees and expenses and including tax credits (if any).
- KiwiSaver fund transitioned from core strategy to SRI strategy in February 2022.

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



Portfolio Manager

Michael De Cesare,
Portfolio Manager

Responsible for the SRI Equity Fund. Covers the Communications, Transport, and Consumer Staples sectors. Over 15 years of experience in the finance industry including ANZ Institutional Bank and Fortis Investments. Michael holds a First-Class Honours degree in Industrial Economics from the University of Nottingham Business School, United Kingdom. Joined in 2012.



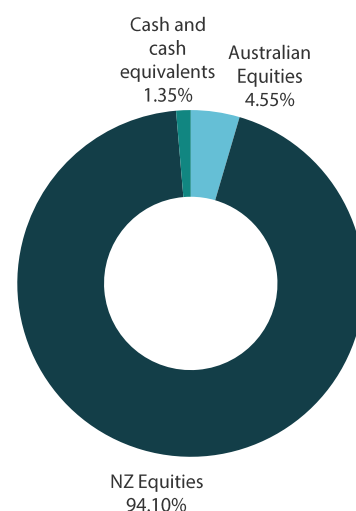
Overview

The SRI Equity Strategy seeks growth opportunities by investing in New Zealand and Australian equity markets. Our local equity portfolio management team hand pick stocks that they believe have potential for growth of income and capital. The fund excludes any company that derives more than 10% of its revenue from alcohol, pornography, gambling, tobacco and extraction of thermal coal and tar sands oil. There is a full ban on controversial weapons.

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



Attribution To			
What Helped:		What Hurt:	
Infratil	OW	Ryman Healthcare	OW
Skellerup	NH	Worley	OW
RESMED	OW	Genesis Energy	NH

OW: overweight; UW: underweight; NH: no holdings; RS: restricted stock

Top 10 Holdings (% of fund)			
Fisher & Paykel Healthcare	16.71	The A2 Milk	4.86
Infratil Limited	10.14	Mainfreight Limited	4.50
Auckland Intl Airport Ltd	9.72	EBOS Group Limited	4.38
Contact Energy Limited	7.08	Spark New Zealand Ltd	4.23
Meridian Energy Ltd NPV	6.48	Summerset Group	3.68

Sector Allocation (% of fund)	Fund	Benchmark
Health care	28.62	25.64
Industrials	19.89	21.89
Utilities	15.63	16.93
Financials	10.33	11.06
Communications services	8.19	6.34
Real estate	6.30	7.15
Consumer staples	5.99	6.47
Information technology	2.12	1.92
Energy	1.45	0.56
Cash and cash equivalents	1.35	0.00
Consumer discretionary	0.12	1.60
Materials	0.00	0.42
Number of holdings	33	50

Market Commentary

Global equity markets were very volatile throughout April as companies and countries assessed how tariffs announced in early April by the United States would impact them. This was not an easy exercise given the constantly changing tariff rates faced by countries and sectors and also how different countries were proposing or implementing counter tariffs. A number of equity indices fell more than 10% in response to the tariff announcements before recovering some ground. The S&P 500 is an example, it fell 11.2% in early April before ending the month down only 0.8%. Investors became nervous about what the tariffs would mean for economic growth but also how inflation would be impacted. This has led to questions about timing and size of interest rate cuts for certain central banks.

Fund Commentary

The largest positive contributors to the fund's relative return were overweight positions in **Infratil** (IFT) and **ResMed** (RMD) and an underweight position in **Skellerup** (SKL). Following a tough few months on the back of weakness in data centre related stocks, IFT bounced back and produced a 1.6% return. While not a large positive return, in the face of the NZX 50 index being down 3.0% our IFT position added value. RMD rose 4.9% (in AUD) following the announcement of a good third quarter result. RMD's stock performance was also aided by the company saying they had received confirmation from US Customs and Border Protection that its products would be exempt from US import duties. SKL has material sales in the United States with products manufactured in China and other countries with large tariff impacts. This led to SKL falling 11.3% over the period. The largest negative contributors to relative return were from overweight positions in **Ryman Healthcare** (RYM) and **Worley** (WOR) and an underweight position in **Genesis Energy** (GNE). RYM continues to struggle post its \$1b capital raising and during April also faced pressure from a seller of a large parcel of shares. RYM ended the month down 19.9%. WOR, who provides engineering services for large projects, suffered as investors became nervous that tariffs and market volatility would lead to its customers delaying projects. WOR ended the period down 13.8% (in AUD). With hydro lake levels low, GNE is well positioned to benefit if it remains dry through its reliable coal generated electricity generation. With this back drop, GNE produced a good return over the month, up 2.1%.

Key portfolio changes during the month included adding to our positions in **Auckland International Airport** (AIA), **Contact Energy** (CEN), **Kiwi Property** (KPG), **Stride Property** (SPG) and **Fisher & Paykel Healthcare** (FPH). Positions in **A2 Milk** (ATM), **Heartland Bank** (HGH) and **Mercury Energy** (MCY) were reduced. (**Bold** denotes stocks held in the portfolio).

Key Fund Facts

Estimated annual fund charges (incl. GST)		Foreign Currency Exposure:	May be hedged to NZD at the Manager's discretion within an operational range of 0% to 105%. Currently the fund's foreign currency exposure is unhedged.	Strategy Launch:	January 2008
Wholesale:	Negotiated outside of the unit price.	Exclusions:	Controversial weapons (including but not limited to cluster munitions and chemical, biological and nuclear weapons).	Strategy size:	\$71.3m
Retail:	0.95%, refer to PDS for more details.			Buy / Sell spread:	0.29%/0.29%
KiwiSaver:	0.95%, refer PDS for more details.	Restrictions:	Tobacco stocks, fossil fuels, adult entertainment, alcohol and gambling. For more information, please refer to the Statement of Investment Policy and Objectives (SIPO) on our website https://www.nikkoam.co.nz/invest/retail .		
Distributions:					
Wholesale:	Calendar quarter				
Retail:	March and September				
KiwiSaver:	Does not distribute				

Compliance

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

Contact Us

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