

NIKKO AM WHOLESALE SRI EQUITY FUND

Monthly Fact Sheet

Why Nikko Asset Management NZ?

As a dedicated global investment manager Nikko AM NZ pairs local knowledge and experience with significant global resources. The Nikko group manages around US\$200 billion globally, including around NZ\$5 billion in New Zealand.

Fund overview

The SRI Equity Fund 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. In addition, the fund has a negative screen to exclude liquor, tobacco, armaments and gambling stocks.

Benchmark

S&P/NZX50 Index Gross

Performance objective

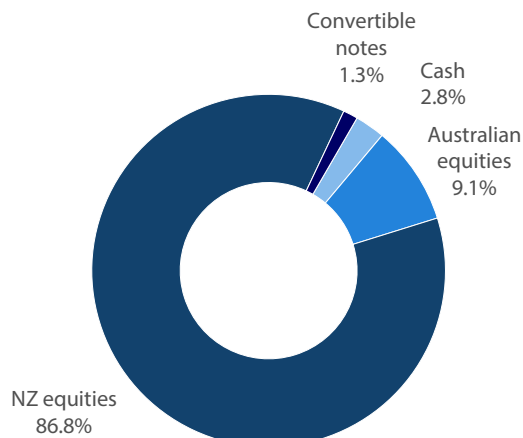
The aim is to outperform the fund's benchmark return by 3% per annum before fees, expenses and taxes over a rolling three year period.

Risk indicator



Based on the standard deviation of gross returns over a rolling 5 years to the last calendar quarter

Asset allocation



Portfolio manager

Stuart Williams, Head of Equities, CA

Stuart joined Nikko AM in 2014, he is responsible for the Domestic Equities team and covers the Industrials, Healthcare and Financials sectors. Stuart has over 20 years' experience across the industry with a track record in portfolio management of both benchmark relative and high conviction funds.

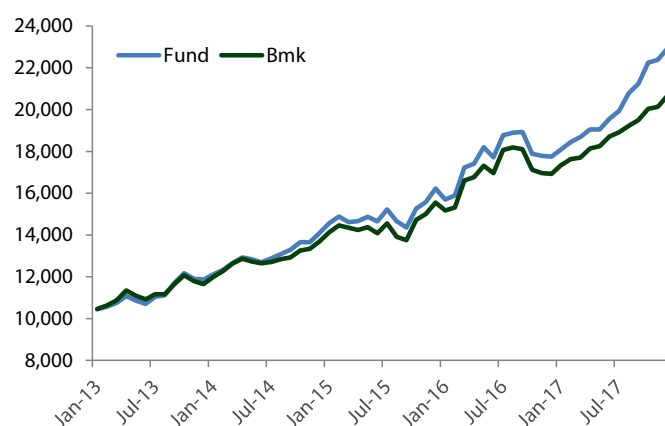


Performance returns

	Gross ¹	Benchmark
1 month	2.37%	2.58%
3 months	7.88%	5.90%
1 year	29.10%	22.04%
2 years (pa)	18.88%	15.24%
3 years (pa)	17.59%	14.68%
5 years (pa)	18.04%	15.61%
10 years (pa)	9.15%	7.59%

1. Gross Returns are before tax and before the deduction of fees.

Five year cumulative performance (gross)¹



Stock performance relative to index (quarter)

What helped		What hurt	
A2 Milk	OW	Ryman Healthcare	UW
Xero	UW	Fisher&Paykel Healthcare	UW
Fletcher Building	UW	Pacific Edge	OW

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

Top 10 holdings

Name	% of Fund
The A2 Milk Company	9.14%
Spark New Zealand	8.66%
Contact Energy	8.12%
Metlifecare	6.84%
Fisher & Paykel Healthcare	6.71%
Auckland International Airport	5.99%
Infratil	5.90%
Restaurant Brands	5.54%
Summerset Group	5.33%
New Zealand Refining	4.03%
Number of holdings in fund	29

Key fund facts

Strategy launch date	Benchmark
January 2008	S&P/NZX50 Index Gross
Strategy FUM	Hedging
\$22.3m	Foreign currency exposures may be hedged to NZD at the Manager's discretion with an operational range of 0% to 105%.
Fund structure	Currently the fund's foreign currency exposure is unhedged.
PIE Fund	
Buy/sell spread	
0.35% / 0.35%	
Distributions	
Calendar quarter	

Compliance

The Fund complied with its investment mandate and trust deed during the month

Market commentary

Equity markets ended the year strongly with the S&P 500 index up 6.1% for the quarter, the FTSE 100 index up 4.3%, the Nikkei 225 index up 11.8% and the MSCI World index up 5.3%. Over the year these indices were up 19.4%, 7.6%, 19.1% and 19.8% respectively. The New Zealand equity market continued its strong run with the S&P/NZX 50 index (including imputation credits) up 6.1% for the quarter and 23.6% for the year. While the Australian market had a strong final quarter, up 7.6% as measured by the S&P/ASX 200 Accumulation index, it still underperformed most international markets over the year, up 11.8%.

Fund commentary

The fund had a strong final quarter returning 7.9% (gross) which was 2.0% ahead of the S&P/NZX50 Index – excluding imputation credits, for the period. This capped off a strong year where the fund returned 29.10% exceeding the benchmark by 7.1%.

Over the quarter, an overweight position in **A2 Milk Company** (ATM) performed exceptionally well. Other stocks which helped relative performance included **Eroad** (ERD) and **PushPay Holdings** (PPH), while the funds underweights in **Fletcher Building** (FBU) and **Air New Zealand** (AIR) added value.

Ryman Healthcare (RYM), a nil holding, detracted from performance following a solid half year earnings announcement and additional site acquisitions. **Fisher & Paykel Healthcare** (FPH) performed strongly over the quarter gaining ~13% which detracted from our performance given the fund's underweight position. FPH benefitted primarily from inclusion in the MSCI Global Index. **Contact Energy** (CEN) was removed from the same MSCI index and our overweight position detracted from performance as the stock eased back in price.

Fund activity was average over the quarter with the modest holding in **Sky Network TV** (SKT) sold for a reasonable profit having collected the dividend payment and **Propertylink Group** (PLG) benefited from a new investor acquiring a position in the company at \$1.02, a 9.7% (in AUD) premium to the end of September closing price. The fund's investment **PushPay Holdings** (PPH) was sold on the back of very strong price performance. Stocks where relative weights were reduced over the quarter included **A2 Milk** (ATM), **Fisher & Paykel Healthcare** (FPH) and **Xero** (XRO). The fund remains overweight in **A2 Milk** (ATM) at quarter end.

Stocks that increased in weight include **Chorus** (CNU), **Spark** (SPK) and **Stride Property** (SPG).

(bold denotes stocks held in the portfolio)

Contact us

www.nikkoam.co.nz | nzenquiries@nikkoam.com

Important Information

This document is issued by Nikko Asset Management New Zealand Limited (Company No. 606057, FSP No. FSP22562), the investment manager of the Nikko AM NZ Investment Scheme and the Nikko AM NZ Wholesale Investment Scheme. This information is for the use of researchers, financial advisers and wholesale clients. This material has been prepared without taking into account a potential investor's objectives, financial situation or needs and is not intended to constitute personal financial advice, and must not be relied on as such. Recipients of this document, who are not wholesale investors (in accordance with Schedule 1, Clause 3 Financial Markets Conduct Act 2013), or their duly appointed agent, should consult an Authorised Financial Adviser and the relevant Product Disclosure Statement. Past performance is not a guarantee of future performance. While we believe the information contained in this presentation is correct at the date of presentation, no warranty of accuracy or reliability is given and no responsibility is accepted for errors or omissions including where provided by a third party. For full details on the fund, please refer to our Product Disclosure Statement on nikkoam.co.nz.