

Factsheet 31 August 2018

NIKKO AM GLOBAL SHARES UNHEDGED STRATEGY

Applies to: Nikko AM Wholesale Global Shares Fund, Nikko AM Global Shares Fund (retail) and Nikko AM KiwiSaver Scheme Global Shares Fund

Market Overview

- Global equities climbed 3.4% in August, MSCI All countries World Index NZD unhedged, despite ongoing hostile trade rhetoric.
- The combination of a gradual tightening of US policy and persistent friction over the terms of global trade has been enough to increase the demand for safe haven currencies, particularly the USD which has appreciated materially since April
- In Europe, Brexit negotiations remain gridlocked - both within the UK, and with Europe

Fund Highlights

- The fund outperformed benchmark by 2.85% (gross)
- LivaNova, Progressive Corp and Amazon made the greatest positive contribution to performance
- Summit Materials, EOG Resources and Weir Group reflected the negative returns in the Energy section for the fund

Performance

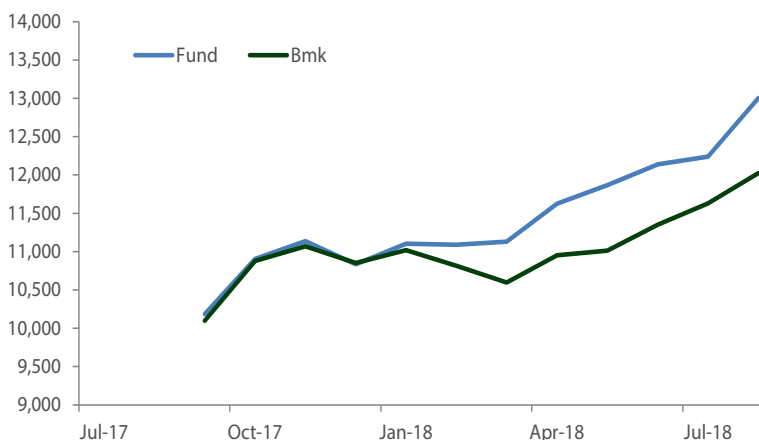
	One month	Three months	One year	Three years (p.a)	Five years (p.a)	Ten years (p.a)
Wholesale ¹	6.26%	9.58%	30.04%			
Benchmark ²	3.41%	9.20%	20.26%			
Retail ³	6.48%	8.91%	29.41%			
KiwiSaver ³	6.57%	9.28%				

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

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)

Since Inception Cumulative Performance (gross)¹



Investment Manager

The Global Shares fund is managed by Nikko AM's Global Equity team which is based in Edinburgh, Scotland. With over 20 years average experience, team members have dual roles of portfolio manager and analyst responsibility and work together on an equal basis to construct client portfolios. This flat investment structure and investment process has been in place since the team's foundation.

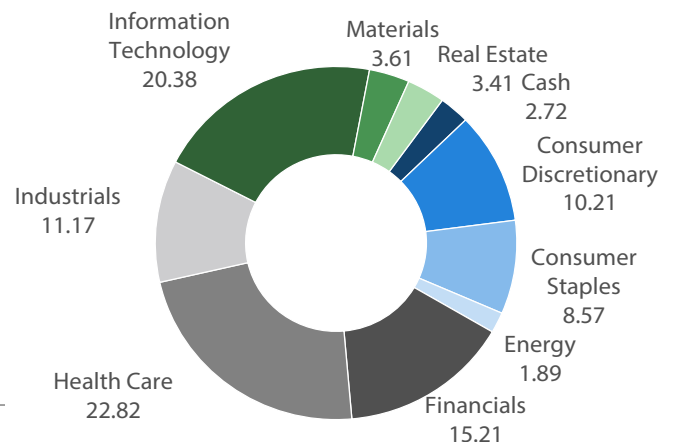
Overview

The fund provides investors with a relatively concentrated actively managed portfolio of global equities to achieve long term capital growth.

Objective

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

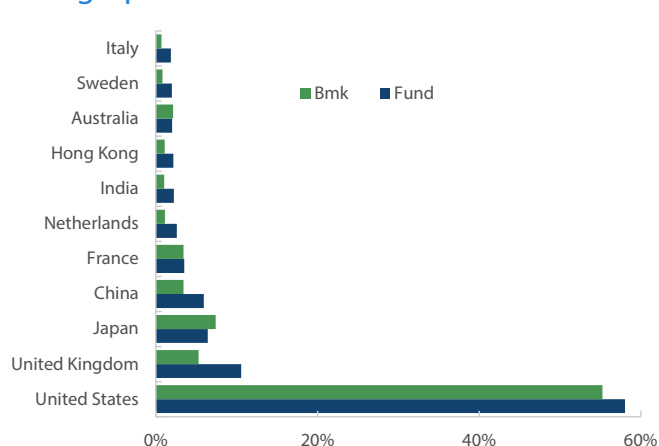
Asset Allocation



Top 10 Holdings

	Fund	MSCI	Country
Microsoft Corporation	5.61	1.76	US
Amazon.com, Inc.	4.95	1.77	US
LivaNova Plc	4.48	0.00	US
Progressive Corporation	3.71	0.08	US
Sony Corporation	3.42	0.15	JP
Anthem, Inc.	3.32	0.14	US
TransUnion	3.21	0.03	US
Unilever PLC	2.81	0.15	GB
SVB Financial Group	2.80	0.04	US
Royal Philips NV	2.60	0.09	NL

Geographical Allocation



Market Commentary

Global equities climbed 3.4% in August, despite ongoing hostile trade rhetoric, with the focus instead on strong corporate profits and generally supportive economic data. Although US monetary policy continues to tighten, the process is very gradual. The combination of even a gradual tightening of US policy and persistent friction over the terms of global trade has been enough to increase the demand for safe haven currencies, and particularly the USD which has appreciated materially since April. Emerging Market equities have remained under pressure as this appreciation has taken place – not helped by political events in Turkey, Argentina and Brazil. In Europe, Brexit negotiations remain gridlocked – both within the UK, and with Europe. Additionally, Italy’s new Government is seemingly intent on breaching their budget constraints. With these political tensions starting to feed through into business confidence surveys and investment decisions, the ECB have been understandably reluctant to start any monetary tightening. In August the biggest winners were Information Technology and Healthcare. Losers included commodities (with Energy being one of the two global sectors with a negative return) and Materials, with mining equities under particular pressure again this month.

Fund Commentary

The portfolio outperformed the index by 2.85% in the month of August on a gross of fees basis. Livanova had another strong month. Management talked optimistically on the conference call regarding the ongoing CMS review of neuromodulation treatment for depression as well as their mitral valve replacement product. Progressive jumped after releasing figures showing a greater than 20% growth in premiums written in July as they continue to win market share quickly. Amazon continued to be very strong (crossing \$2,000 per share for the first time) as investors once again favoured growth stocks this month, amid continued trade tensions. Sony continued to do well after their announcement of strong profits at the end of July – confirming the strength once again of its gaming and music businesses. Summit Materials was weak after a poor set of quarterly numbers. Construction Materials have been weak for a while on the suspicion that they may struggle to pass on rising US cost inflation and numbers confirmed this. EOG Resources also saw some profit taking in the early part of the month as oil retreated from recent highs. Weir was slightly weak on renewed concerns over a short-term delay in growth as their customers struggle with limited pipeline capacity in the Permian Basin.

Key Fund Facts

Distributions

Generally does not distribute

Hedging

Any foreign currency exposure is unhedged.

Exclusions

Securities that conduct activities listed on the Schedule to Cluster Munitions Prohibition Act 2009. Tobacco manufacturers.

Estimated annual fund charges

Wholesale: negotiated outside of the unit price

Retail: 1.20%, refer PDS for more details

Kiwisaver: 1.15%, refer PDS for more details. Fee waived until 31/3/2019

Buy / Sell Spread	Strategy Launch	Strategy size
0.07%/0.07%	July 2017	\$88.3m

Compliance

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

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