

NIKKO AM CONCENTRATED EQUITY STRATEGY

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

Market Overview

- Equity markets around the world performed strongly over November.
- The United States S&P 500 index rose 3.4%, the Japanese Nikkei 225 index increased 1.6%, the FTSE 100 index was up 1.4%, the ASX 200 index rose 3.3% and the MSCI World index ended the month up 2.9% in local terms.
- The S&P/NZX 50 index had a strong month, up 5.0% and is now up 29.6% year to date.

Fund Highlights

- The fund ended the month up 6.48%.
- Positions in A2 Milk, Metlifecare and Pushpay contributed most to fund performance, while Contact Energy, Orocobre and Eroad were the largest detractors.

Performance

	One month	Three months	One year	Three years (p.a)	Five years (p.a)	Ten years (p.a)
Wholesale ¹	6.48%	5.29%	19.68%	17.05%	16.44%	14.04%
Benchmark ²	0.48%	1.46%	6.45%	6.65%	7.09%	7.38%
NZSE50 ³	4.95%	5.54%	29.46%	19.24%	17.18%	15.15%
Retail ⁴	6.06%	4.69%	18.11%	14.77%	13.85%	11.67%

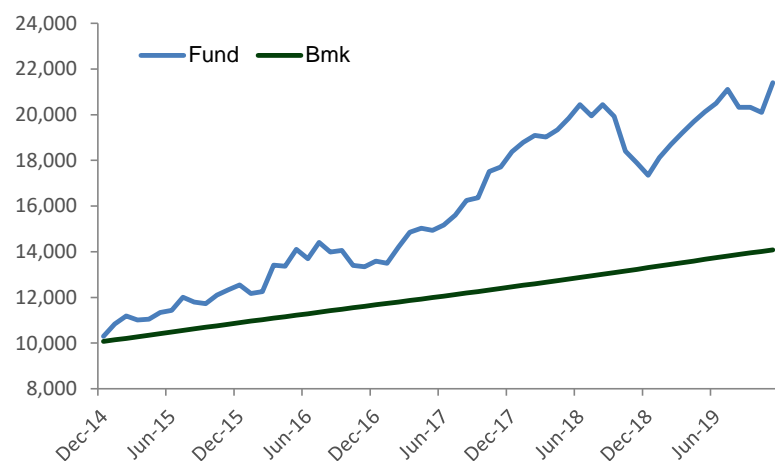
1. Returns are before tax and before the deduction of fees.

2. Benchmark: RBNZ Official Cash Rate plus 5% per annum. No tax or fees.

3. S&P / NZX 50 Index Gross (with Imputation Credits). No tax or fees.

4. Returns are before tax and after the deduction of fees and expenses and including tax credits (if any).

Five year cumulative performance, \$10,000 invested ^{1,2}



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.



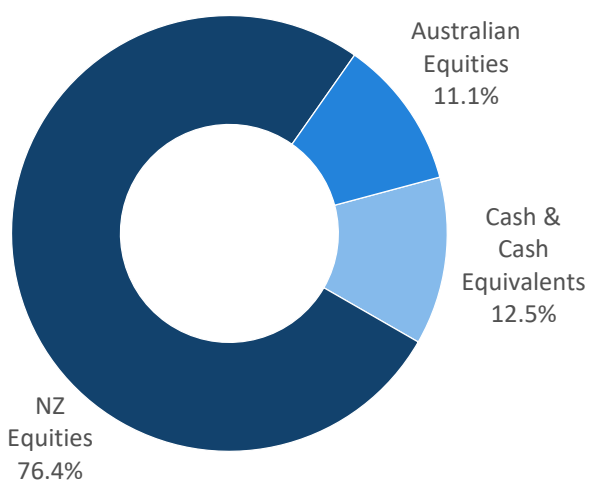
Overview

The Concentrated Equity Fund is a collection of the portfolio manager's highest conviction investment ideas to achieve capital appreciation. The typical number of stocks in the portfolio is 15 or less.

Objective

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

Asset Allocation



Contribution to Performance (month)	
What Helped:	What Hurt:
The A2 Milk Company	EROAD
Metlifecare	Contact Energy
Pushpay Holdings	Orocobre Limited

Absolute contribution – not relative to S&P/NZX50 Index

Top 10 Holdings			
The A2 Milk Company	14.00%	Z Energy	7.41%
Infratil	13.55%	EROAD	5.42%
Metlifecare	12.43%	Pushpay Holdings	4.78%
Contact Energy	11.42%	EBOS	3.85%
Aristocrat Leisure	7.93%	Orocobre Limited	2.36%
Number of holdings			14

Market Commentary

Equity markets performed strongly over the month. The United States S&P 500 index rose 3.4%, the Japanese Nikkei 225 index increased 1.6%, the FTSE 100 index was up 1.4%, the ASX 200 index rose 3.3% and the MSCI World index ended the month up 2.9% in local terms. The New Zealand market saw a sell down of 15 million shares or \$337.5 million of **Ebos** (EBO) shares from an existing holder. Also, the property sector was impacted for the third month in a row by a capital raising. This time **Investore Property** (IPL) raised \$60 million to acquire three additional properties. The S&P/NZX 50 index had a very strong month, up 5.0%.

Fund Commentary

The fund delivered a 6.48% return for the month. Positions in **A2 Milk** (ATM), **Metlifecare** (MET) and **Pushpay** (PPH) contributed most to fund performance, while **Contact Energy** (CEN), **Orocobre** (ORE) and **Eroad** (ERD) were the largest detractors.

ATM provided a better than expected update to the market with forecast margins higher than previously guided. The stock rose 19.4% over the month. MET rose 21.2% after announcing they have received a takeover offer along with improving housing market data. PPH provided a solid interim financial result and the stock increased 21.1%.

Following last month’s hit to the electricity companies due to the aluminium smelter’s review of its operation, CEN fell 2.9% this month as it was also impacted by MSCI index movements. ORE held its AGM and confirmed market conditions remain tough, the stock fell 6.1%. Eroad delivered a broadly positive interim financial result, however peeled back 1.2% after a strong run into the result.

Key portfolio changes in the month included adding EBO to the fund and a mild reduction in ATM.

(**Bold** denotes stocks held in the portfolio)

Key Fund Facts

Distributions	Estimated annual fund charges (incl. GST)	Strategy size
Wholesale fund: Calendar quarter	Wholesale: negotiated outside of fund	\$112.7 m
Retail fund: March and September	Retail: 1.15%, refer PDS for more details	
Hedging	Buy / Sell spread: 0.29% / 0.29%	Strategy Launch
Foreign currency exposures 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.	Performance fee	August 2006
	10% on gains above benchmark over 12 month period after fees and expenses. High water mark applies.	

Compliance

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

Contact Us

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