

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 had a strong month, recovering some of the large sell off that occurred in March as investors weighed health and economic impacts of COVID-19.
- The United States S&P 500 index jumped 12.7%, the Japanese Nikkei 225 index rose 6.8%, the UK FTSE 100 index gained 4.0%, the Australian ASX 200 index increased 9.0% and the MSCI World index ended the month up 10.4%.
- The S&P/NZX 50 index rose 7.5%, recovering some of last month's decline.

Fund Highlights

- The fund ended the month up 10.8%.
- Key positions that performed the best included A2 Milk, Infratil, Contact Energy, Pushpay, Eroad and Aristocrat Leisure.
- Only Ebos Group and Kiwi Property Group fell over the month.

Performance

	One month	Three months	One year	Three years (p.a)	Five years (p.a)	Ten years (p.a)
Wholesale ¹	10.77%	-6.83%	6.83%	11.84%	13.76%	12.57%
Benchmark ²	0.42%	1.36%	6.06%	6.52%	6.86%	7.31%
S&P/NZX 50 ³	7.51%	-9.90%	6.06%	13.73%	13.97%	13.73%
Retail ⁴	10.65%	-6.32%	5.83%	10.01%	11.45%	10.34%

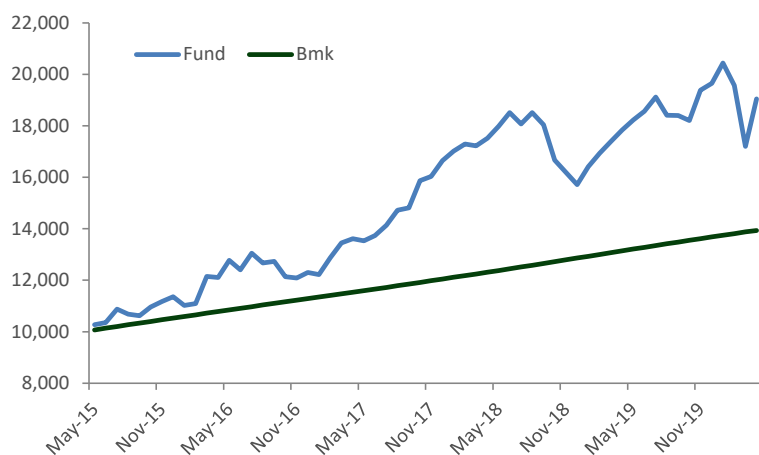
1. Returns are before tax and before the deduction of fees.

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.

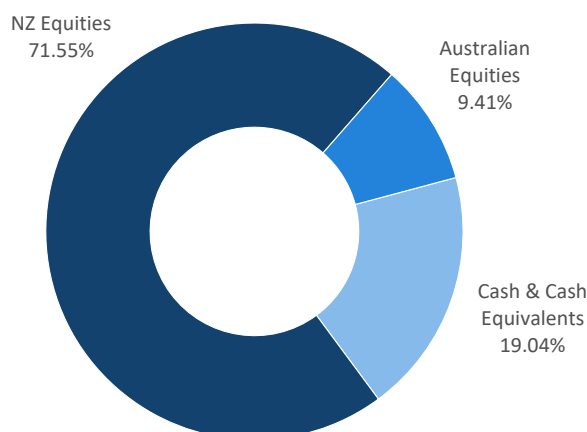
Overview

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 circa 15.

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	Kiwi Property Group
Infratil	Ebos Group
Contact Energy	NextDC

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

Top 10 Holdings			
The A2 Milk Company	14.27%	Summerset Group	4.84%
Contact Energy	11.46%	EBOS	4.40%
Infratil	11.37%	Pushpay Holdings	4.24%
Spark NZ	9.67%	Z Energy	3.66%
Aristocrat Leisure	5.60%	EROAD	3.45%
Number of holdings			14

Market Commentary

Equity markets had a strong month, recovering some of the large sell off that occurred in March as investors weighed up the health and economic impacts of COVID-19. The monetary and fiscal response from governments and central banks continued to evolve and expand to counter the forced closure of businesses. Throughout April companies raised equity and expanded their bank loan facilities to help fund them through their uncertain earnings outlook. A large number of companies also cancelled dividends and suspended earnings guidance due to the uncertain outlook. A number of companies will be reporting their earnings for the period ending March in May which will be of interest but more important will be their comments about recent trading and any updates on outlook.

Fund Commentary

The fund ended the month up 10.8% to recover much of year to date losses. **A2 Milk** (ATM) performed strongly (rallying 14.2%) on their earnings announcement and the positive commentary about ongoing China demand plus their ability to deliver product. **Infratil** (IFT) rose 17.7% in April as it recovered its underperformance compared to the index from March.

The fund’s defensive companies **Contact Energy** (CEN) and **Spark** (SPK) rallied 9.2% and 8.7% respectively over the month, benefitting the absolute return. **Pushpay Holdings** (PPH), **Eroad** (ERD) and **Aristocrat Leisure** (ALL) were also major positives to the fund’s return based on enduring business attributes.

Key portfolio changes during the month included the introduction of Auckland International Airport (AIA) through their capital raisings – this holding was subsequently sold completely. **Aristocrat Leisure** (ALL) was increased over the month as well. Our position in Kiwi Property Group (KPG) was exited during the month.

(**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	\$98.0m
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

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

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, the Nikko AM NZ Wholesale Investment Scheme and the Nikko AM KiwiSaver 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 retail and KiwiSaver funds, please refer to the relevant Product Disclosure Statement on nikkoam.co.nz.