

Factsheet 30 April 2020

# NIKKO AM GLOBAL EQUITY HEDGED STRATEGY

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

## Market Overview

- April saw equity markets recover somewhat, after March's panic sell-off.
- By the end of the month, the MSCI ACWI had retraced almost half of the losses seen in March.
- The best performing sectors were Consumer Discretionary, Energy and Materials.

## Fund Highlights

- The fund returned of 14.8% over the month, 329 bps ahead of the benchmark.
- Security selection added the most value in the information technology, financials, healthcare and energy sectors, but detracted from performance in the consumer discretionary and industrials sectors. The Fund also benefitted from underweights to the lagging consumer staples and utilities sectors, as well as an overweight to the outperforming consumer discretionary sector.

## Performance

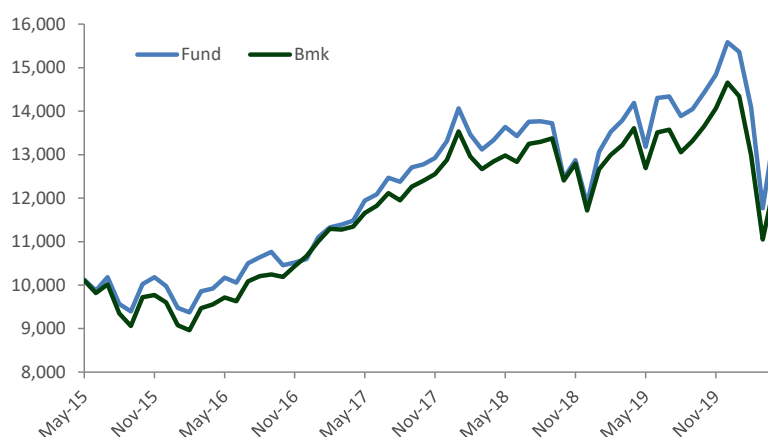
	One month	Three months	One year	Three years (p.a)	Five years (p.a)	Ten years (p.a)
Wholesale <sup>1</sup>	14.80%	-12.07%	-4.79%	5.58%	6.20%	
Benchmark <sup>2</sup>	11.51%	-14.14%	-9.48%	2.78%	4.26%	
Retail <sup>3</sup>	14.84%	-12.56%	-5.39%	4.57%	5.06%	

1. Returns are before tax and before the deduction of fees. Based on actual calendar periods.

2. Benchmark: MSCI All Countries World Index (net dividends reinvested) 139% gross hedged to NZD. No tax or fees.

3. Returns are before tax and after the deduction of fees and expenses and including tax credits (if any). Based on change in unit price.

## Five Year Cumulative Performance (gross), \$10,000 invested<sup>1,2</sup>



## Investment Manager

The multi-manager global equity strategy is managed by Nikko AM's multi-strategy team based across Sydney and Singapore. This team provides advice and input to the Nikko AM NZ Investment Committee which is responsible for the ongoing selection, monitoring and review of the underlying investment managers. The Nikko AM NZ Investment Committee comprises senior members from the business and is chaired by the Managing Director, George Carter.

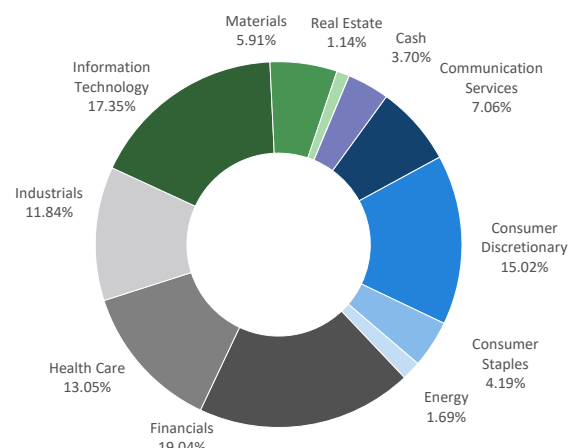
## Overview

This fund aims to provide investors with long term growth from an actively managed investment portfolio selected from global equity markets. Currency exposures created as a consequence of global equity investment are gross hedged at 139% to NZD.

## 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
Amazon.com	3.13%	2.37%	US
Visa Inc	2.80%	0.70%	US
Shopify Inc	2.46%	0.15%	Canada
Taiwan Semiconductor ADR	2.24%	0.00%	Taiwan
Berkshire Hathaway Inc	2.19%	0.56%	US
Raytheon Technologies	1.78%	0.22%	US
New Oriental Education	1.74%	0.04%	China
Alphabet Inc Class C	1.72%	0.95%	US
Alibaba Group Holding	1.71%	0.80%	China
Microsoft Corp	1.71%	2.95%	US

Manager	Allocation	Active Return
Royal London	35.57%	-1.85%
Davis	25.81%	2.28%
WCM	37.22%	2.80%
Cash & Derivatives	1.41%	-9.69%

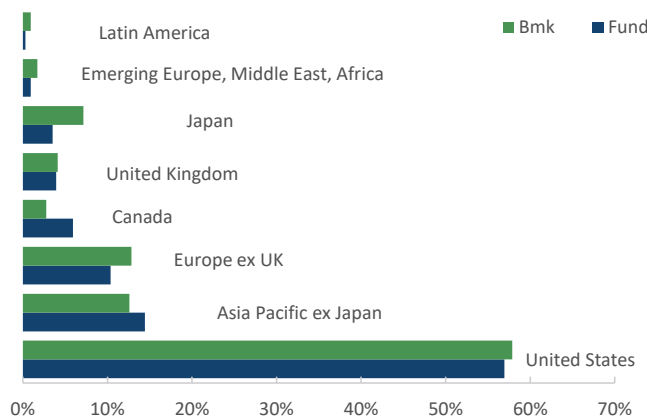
What helped	What Hurt
Shopify	OW Graco Inc OW
Capital One Financial	OW Berkshire Hathaway OW
Amazon.com	OW Anglo American plc OW

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

### Market Commentary

April saw equity markets recover somewhat, after March’s panic sell-off. By the end of the month, the MSCI ACWI had retraced almost half of the losses seen in March. Although the news-flow regarding the coronavirus pandemic remained an overhang, there were signs of hope that the worst of the pandemic may pass sometime soon. With governments and central banks continuing to support economic activity and asset prices, this was enough for a measure of calm to be restored. The best performing sectors during the rebound were, predictably, some of the sectors that had been most harshly dealt with during March. Consumer Discretionary, Energy and Materials all outperformed. The Information Technology sector also outperformed. Consumer Staples underperformed as panic buying of groceries normalised and the bid for safety diminished. Utilities were also relatively poor performers. The UK, Europe and Japan all underperformed this month. Sector mix was likely a drag in each case, with the UK and Europe heavily weighted in Staples and Financials and relatively underweight Information Technology and Japan heavy in Industrials (which also underperformed this month).

### Geographical Allocation



### Fund Commentary (all return percentages expressed as unhedged NZD unless otherwise stated)

The fund recovered in line with the broader equity market in April, and even outperformed - its return of 14.8% was 329 basis points (bps) better than the benchmark return of 11.5%. WCM (280 bps) and Davis (228 bps) both outperformed by large margins, while Royal London (-185 bps) trailed the benchmark.

Security selection added the most value in the information technology, financials, healthcare and energy sectors, but detracted from performance in the consumer discretionary and industrials sectors. The Fund also benefitted from underweights to the lagging consumer staples and utilities sectors, as well as an overweight to the outperforming consumer discretionary sector.

About half of WCM’s (280 bps) outperformance in April was driven by a 42% gain in Shopify, its largest holding and now also one of Canada’s largest public companies. Most of Davis’s (228 bps) top detractors in March reversed their losses to find themselves among the top performers in April. Royal London (-185 bps) had a tougher month in a relative sense. Amazon was their top performer in April, but unfortunately a lot of value was detracted by their exposures in the materials and financials sectors. Anglo American and Reliance Steel both declined 5% over the month, while Berkshire Hathaway (-4%) and Progressive Corp (-2%) were also weaker than the market, but in line with most insurance companies.

### Key Facts

#### Distributions

Generally does not distribute

#### Hedging

Any foreign currency exposure is gross hedged at 139% to NZD. The permitted operational hedging range is 134% to 144%.

#### Exclusions

Any security that conduct activities listed on the Schedule to the Cluster Munitions Prohibition Act 2009 and tobacco manufacturers.

#### Estimated annual fund charges (Incl. GST)

Wholesale: negotiated outside of the unit price  
Retail: 1.43%, refer PDS for more details

**Buy / Sell spread:** 0.07% / 0.07%     **Strategy Launch:** October 2008     **Strategy size:** \$86.9m

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

### Contact Us

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