

Factsheet 30 April 2020

NIKKO AM GLOBAL SHARES UNHEDGED STRATEGY

Assets are held in the Nikko AM NZ Wholesale Global Shares Fund. The Nikko AM Global Shares Fund (retail) and Nikko AM KiwiSaver Scheme Global Shares Fund 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

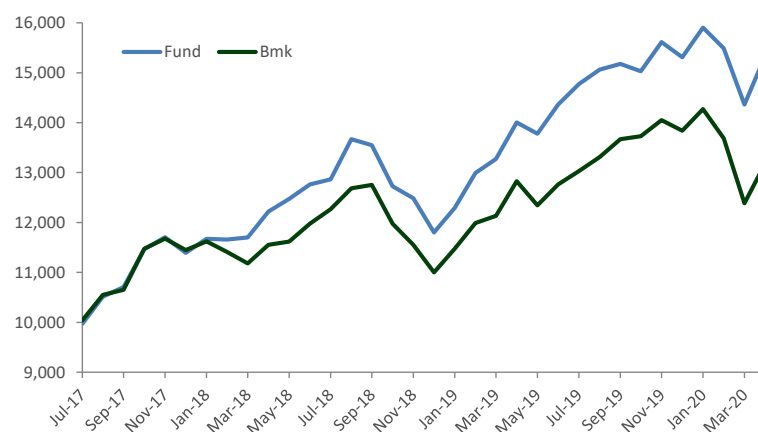
- The fund ended the month up 6.71%, 32 bps ahead of the benchmark.
- LabCorp, Anthem and Amazon positively contributed to performance.
- LHC Group, Kerry Group and Unilever were negative contributors to performance.

Performance

	One month	Three months	One year	Three years (p.a)	Five years (p.a)	Ten years (p.a)
Wholesale ¹	6.71%	-3.62%	9.48%			
Benchmark ²	6.39%	-7.66%	2.74%			
Retail ³	9.19%	-3.03%	10.19%			
KiwiSaver ³	9.17%	-3.05%	10.90%			

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), 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). Based on change in unit price.

Since Inception Cumulative Performance (gross), \$10,000 invested.^{1,2}



Investment Manager

The Global Shares Strategy 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.

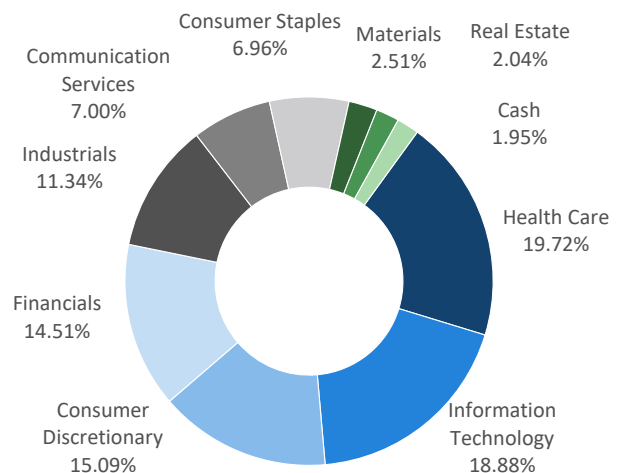
Overview

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.

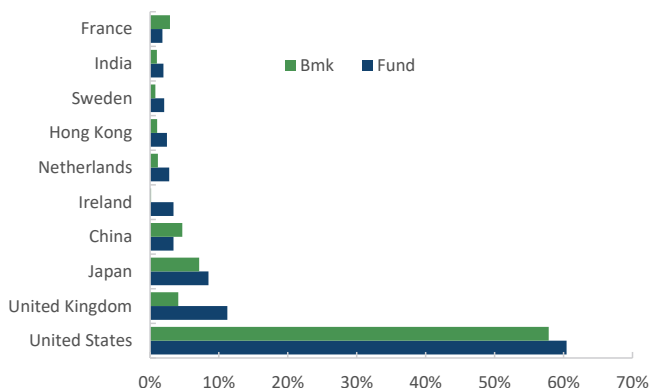
Asset Allocation



Top 10 Holdings (%)

	Fund	MSCI	Country
Microsoft Corporation	6.12	2.95	US
Amazon.com, Inc.	5.29	2.37	US
Nintendo Co., Ltd.	3.58	0.11	Japan
LHC Group, Inc.	3.47	0.00	US
Tencent Holdings Ltd.	3.42	0.70	China
Anthem, Inc.	3.32	0.16	US
Adobe Inc.	3.31	0.39	US
Progressive Corporation	3.30	0.10	US
LabCorp	3.21	0.04	US
Accenture Plc Class A	3.13	0.27	US

Geographical Allocation



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).

Fund Commentary

The portfolio outperformed its benchmark over the month. Holdings with a notable impact on returns include **LabCorp** and **Anthem**. Both had underperformed Healthcare materially as the coronavirus turned into a global pandemic and there is some short-term earnings risk in both names, as a result of the disruption to normal life for US consumers of healthcare. In LabCorp’s case, routine visits to doctors have largely stopped and Anthem’s commercial healthcare Insurance book of business will be under pressure from the ongoing rise in unemployment. As infection rates showed signs of slowing in the worst affected parts of the US, investors looked through some of these temporary impacts and the shares recovered. **Amazon** has continued to perform very strongly this month, after outperforming nicely in March too. The ‘FAANG’ cohort of stocks enjoyed a strong start to April as investors returned to their pre-crisis growth favourites. In contrast to LabCorp and Anthem, **LHC Group** was a significant outperformer in March as its business was seen as being relatively immune to the disruption caused by COVID-19. April saw virus fears receding somewhat. Similarly, Consumer Staples had been a safe haven in March’s sell-off and were less in demand this month. **Kerry Group & Unilever** both suffered on this market rotation. **Coca-Cola** was recently added to the portfolio.

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.

Restrictions

Adult entertainment, gambling, fossil fuels, alcohol stocks. For more information please refer to the Statement of Investment Policy and Objectives (SIPO) which can be found on our website <https://www.nikkoam.co.nz/invest/retail>.

Estimated annual fund charges (Incl. GST)

Wholesale: negotiated outside of the unit price
 Retail: 1.22%, refer PDS for more details
 KiwiSaver: 1.17%, refer PDS for more details.

Buy / Sell Spread

0.07%/0.07%

Strategy Launch

July 2017

Strategy size

\$178.3m

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

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