

Factsheet 30 June 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

- Global equity markets climbed almost 10% (NZD, unhedged) in Q2 as equity investors continued to recoup March's steep losses. 2020 has already produced the fastest 30% drawdown in history, followed by the best month for 30 years.
- Information Technology was the best performing sector over the quarter, followed by consumer discretionary.

Fund Highlights

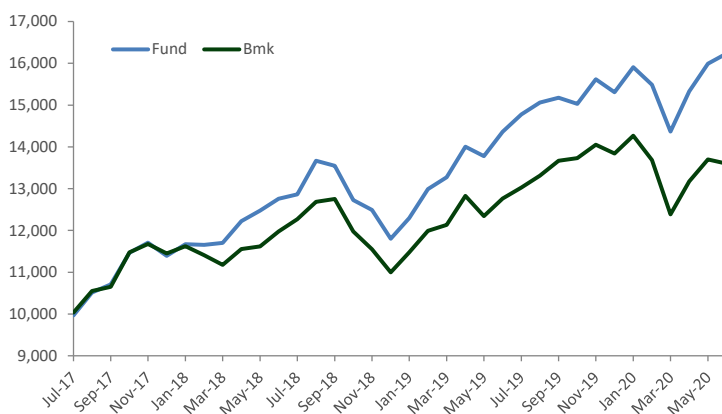
- The fund ended the quarter up 13.0%, 3.2% ahead of the benchmark.
- Bio-Techne, Amazon and SVB Financials positively contributed to performance.
- Compass, TJX Companies and AIA were negative contributors to performance.

Performance

	One month	Three months	One year	Three years (p.a)	Five years (p.a)	Ten years (p.a)
Wholesale ¹	1.53%	13.01%	13.03%			
Benchmark ²	-0.73%	9.79%	6.54%			
Retail ³	1.18%	12.53%	11.19%			
KiwiSaver ³	1.22%	12.57%	11.72%			

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.

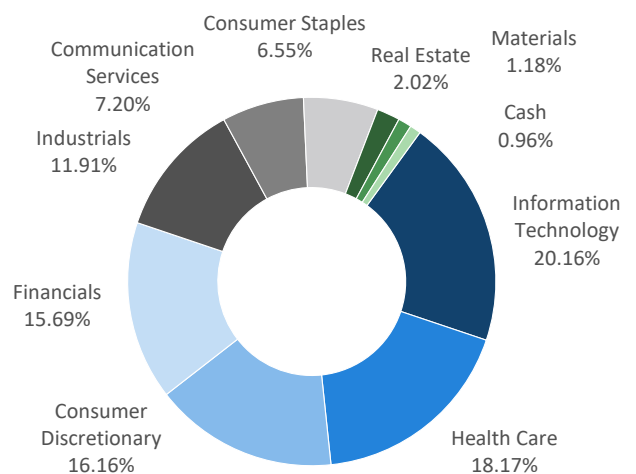
Overview

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.

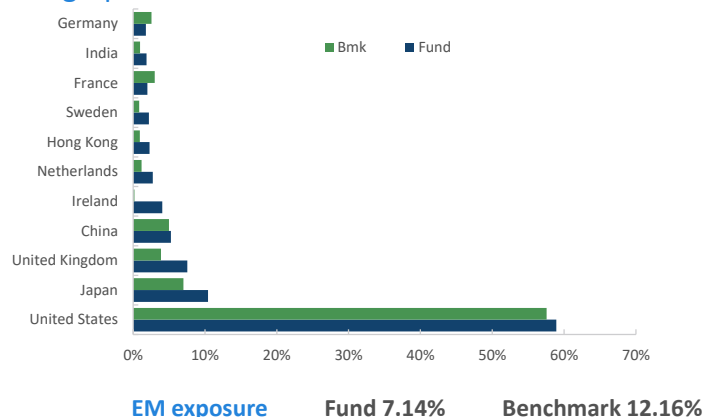
Asset Allocation



Top 10 Holdings (%)

	Fund	MSCI	Country
Microsoft Corporation	5.62	3.09	US
Amazon.com, Inc.	5.38	2.45	US
LHC Group, Inc.	3.74	0.00	US
Tencent Holdings Ltd.	3.72	0.77	China
Nintendo Co., Ltd.	3.47	0.10	Japan
Accenture Plc Class A	3.31	0.29	US
Progressive Corporation	3.12	0.10	US
Adobe Inc.	3.05	0.44	US
Sony Corporation	3.00	0.18	Japan
Laboratory Corporation	2.95	0.03	US

Geographical Allocation



Market Commentary

Global equity markets climbed almost 10% in Q2 as equity investors continued to recoup March’s steep losses. 2020 has already produced the fastest 30% drawdown in history, followed by the best month for 30 years. Economic indicators have continued to show some improvement, albeit from distressed levels, as major economies including the US have started to re-open after their lockdowns. The subsequent surge in new infections in some US states, however, suggests that the balance between economic and public health remains a very challenged one, even for countries with relatively sophisticated testing infrastructure. Gold has continued to remain in favour in June as central banks have continued to inject liquidity into the global financial system in an attempt to make sure that the current recession does not morph into anything more enduring. Information Technology was the best performing sector in the market this quarter, followed by Consumer Discretionary and valuations for these growth leaders have continued to re-rate higher. Defensive sectors all underperformed. Utilities and Consumer Staples have been the weakest performers in Q2 but Real Estate and Healthcare also underperformed.

Fund Commentary

The portfolio outperformed its benchmark over the quarter. Holdings with a notable impact on returns include **Bio-Techne**, who has enjoyed a good quarter after strong results at the end of April. These showed extremely strong organic growth in its core products for Life Sciences research. **Amazon** has continued to perform very strongly this quarter, after outperforming nicely in March too. With markets staging a meaningful rebound in April, financial shares staged something of a recovery and **SVB Financials** participated in this. Stocks which negatively impacted returns included **Compass**, **TJX Companies** and **AIA**. Compass underperformed this quarter. Its high exposure to out of home consumption on food continues to pressure the share price as investors fear offices, sports stadia and the education sector will remain closed for longer than anticipated with new coronavirus cases increasing again. TJX Companies saw profit taking over the period after its recent recovery. The catalyst was renewed concern over the speed with which the US economy could safely reopen as cases of coronavirus began to rise quickly in some states. AIA suffered from renewed geopolitical tensions in Hong Kong as China introduced new laws aimed at avoiding a repeat of the pro-democracy protests that erupted on the island last year and strained Hong Kong’s relationship with the Communist Party in Beijing. (**Bold** denotes stocks held in the portfolio)

Key Fund Facts

Distributions	Estimated annual fund charges (Incl. GST)		
Generally does not distribute	Wholesale: negotiated outside of the unit price		
Hedging	Retail: 1.22%, refer PDS for more details		
Any foreign currency exposure is unhedged.	KiwiSaver: 1.15%, refer PDS for more details.		
Exclusions	Buy / Sell Spread	Strategy Launch	Strategy size
Securities that conduct activities listed on the Schedule to Cluster Munitions Prohibition Act 2009. Tobacco manufacturers.	0.07%/0.07%	July 2017	\$185.7m
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 our website https://www.nikkoam.co.nz/invest/retail .		

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 fund, please refer to our Product Disclosure Statement on nikkoam.co.nz.