

Factsheet 31 July 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 continued to rise in July, supported by a better than expected earnings season, abundant liquidity and continued expectation of a large fiscal policy intervention by the US, at some stage.
- Best performing sectors this month included Materials, Consumer Discretionary and Information Technology.

## Fund Highlights

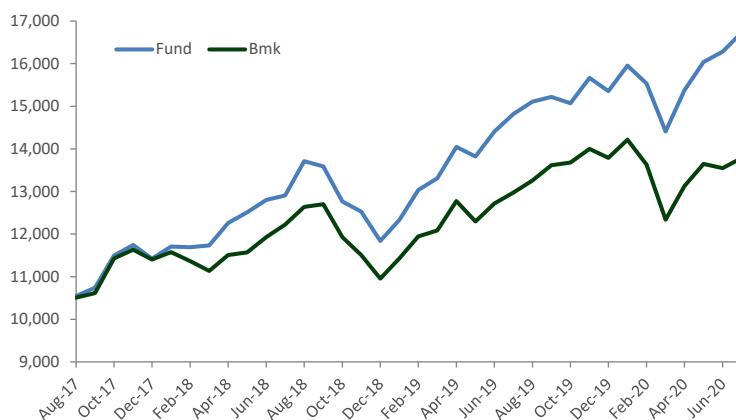
- The fund ended the month up 2.7%, 1.0% ahead of the benchmark.
- SolarEdge, LabCorp and LHC Group positively contributed to performance.
- LivaNova, Nintendo, Prudential and AIA were negative contributors to performance.

## Performance

	One month	Three months	One year	Three years (p.a)	Five years (p.a)	Ten years (p.a)
Wholesale <sup>1</sup>	2.74%	8.80%	12.89%			
Benchmark <sup>2</sup>	1.75%	5.00%	6.21%			
Retail <sup>3</sup>	4.28%	7.47%	12.09%			
KiwiSaver <sup>3</sup>	4.28%	7.53%	12.52%			

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.<sup>1,2</sup>



## Investment Manager

The Global Shares Strategy is managed by Nikko AM's Global Equity team that 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.

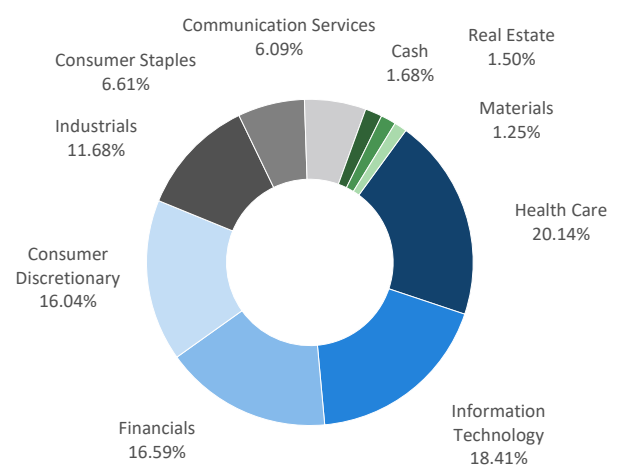
## Overview

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.

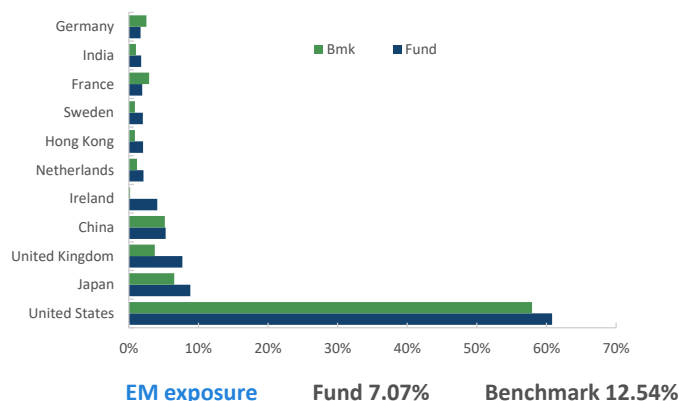
## Asset Allocation



### Top 10 Holdings (%)

	Fund	MSCI	Country
Amazon.com, Inc.	5.12	2.68	US
Microsoft Corporation	4.96	2.96	US
Tencent Holdings Ltd.	3.69	0.79	China
LHC Group, Inc.	3.39	0.00	US
Progressive Corporation	3.30	0.11	US
Accenture Plc Class A	3.23	0.29	US
LabCorp	3.18	0.04	US
Sony Corporation	3.13	0.19	Japan
Anthem, Inc.	2.77	0.14	US
TJX Companies Inc	2.64	0.12	US

### Geographical Allocation



### Market Commentary

Global equity markets continued to rise in July, supported by a better than expected earnings season, abundant liquidity and continued expectation of a large fiscal policy intervention by the US, at some stage. This was more than enough to offset the lingering impact of the coronavirus and renewed tensions between China and the US. The strength of Q2 earnings at technology giants like Apple, Microsoft, Amazon and others was a particularly notable feature. Little wonder that the NASDAQ has continued to go from strength to strength. Economic data has improved in recent weeks in multiple regions, as government support for wages has continued and lock-down measures have eased somewhat, allowing the release of some pent-up demand by consumers. Gold has remained in demand as a store of value against both long-term inflationary pressures and the potential debasement of fiat currencies by aggressive central bank policy. The best performing sectors this month included Materials, as commodity prices received support from the weakening US Dollar and hopes built of a sharp rebound in economic activity – helped by a large fiscal stimulus package from the US. Other outperformers included Consumer Discretionary (helped by Amazon) and Information Technology. In both cases, the share price strength was supported by better than expected earnings releases from a variety of index heavyweights. Energy was the weakest sector. Financials and Industrials also underperformed. Banking shares continue to struggle against a backdrop of exceptionally low bond yields and relatively flat yield curves.

### Fund Commentary

The portfolio outperformed its benchmark over the month. Holdings with a notable impact on returns included **SolarEdge**, who climbed more than 25% this month as investors grew increasingly confident on the growth trajectory of the business, and the solar technology in general. **LabCorp** has benefitted from a surge in testing for the coronavirus, as the US steps up its attempts to deal with the ongoing surge in new infections in the states that had reopened their economies. **LHC Group** outperformed as optimism increased regarding the pace of recovery in home healthcare nursing.

Stocks which negatively impacted returns included **LivaNova**, **Nintendo**, **Prudential** and **AIA**. LivaNova underperformed after Q2 results showed that the recovery in implants of their treatment for epilepsy was lagging other medical procedures. Nintendo has underperformed on mild profit taking, following strength earlier in the year when its gaming business was (rightly) seen as a major beneficiary of the coronavirus lockdown measures. Prudential & AIA suffered from deteriorating sentiment towards their Asian insurance businesses, as the response to the coronavirus continued to put travel restrictions on their sales reps across the region.

(**Bold** denotes stocks held in 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 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: 1.15%, refer PDS for more details.

#### Buy / Sell Spread

0.07%/0.07%

#### Strategy Launch

July 2017

#### Strategy size

\$277.55m

### Compliance

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

### Contact Us

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