

Factsheet 30 April 2021

# 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

- Most global equity markets continued their strong run for the year as lockdowns and restrictions were eased and economic data improved, albeit a watchful eye is on the COVID situation in India.
- The United States S&P 500 index rose 5.2%, the Japanese Nikkei 225 index fell 1.3%, the UK FTSE 100 index increased 3.8%, the Australian ASX 200 index added 3.5% and the MSCI World index ended the month up 3.7%; all in local currency.
- The S&P/NZX 50 index rose 1.4% over the month.

## Fund Highlights

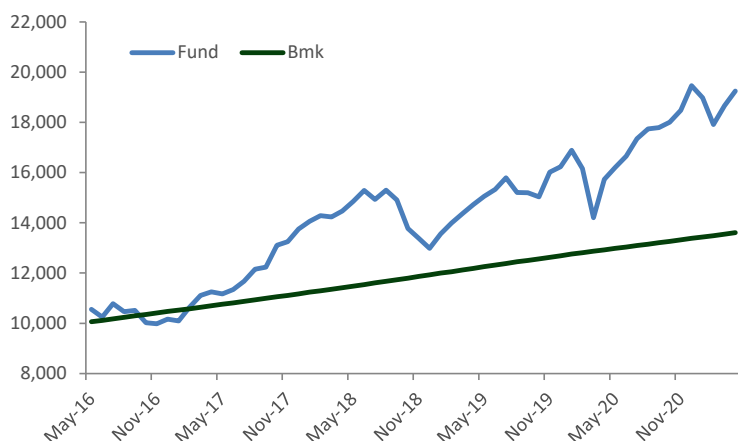
- The fund ended the month up 3.08% to claw back much of the YTD drawdown in value.
- News flow was relatively light ahead of a number of the fund's holdings reporting results for the period ending March. In addition, several investor days are planned over the next month.
- EROAD announced it has signed a large Australian customer while Summerset reported strong sales and resales figures for the March quarter.
- Positions in Pushpay Holdings, A2 Milk and Z Energy detracted from our performance.

## Performance

	One month	Three months	One year	Three years (p.a)	Five years (p.a)	Ten years (p.a)
Wholesale <sup>1</sup>	3.08%	1.37%	22.28%	9.97%	13.99%	14.59%
Benchmark <sup>2</sup>	0.42%	1.26%	5.25%	6.02%	6.35%	7.05%
NZSE50 <sup>3</sup>	1.36%	-2.83%	21.56%	15.59%	14.39%	15.04%
Retail <sup>4</sup>	2.56%	1.25%	19.77%	8.45%	11.97%	12.14%

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 <sup>1,2</sup>



## Portfolio Manager

**Stuart Williams,**  
**Head of Equities**



Responsible for the Domestic Equities team and managing the Core and Concentrated Funds and associated mandates. Covers the Industrials, Healthcare and Financials sectors. Twenty years of experience in all aspects of the investment management industry with a strong track record in portfolio management of both benchmark relative and high conviction funds. Joined 2014.

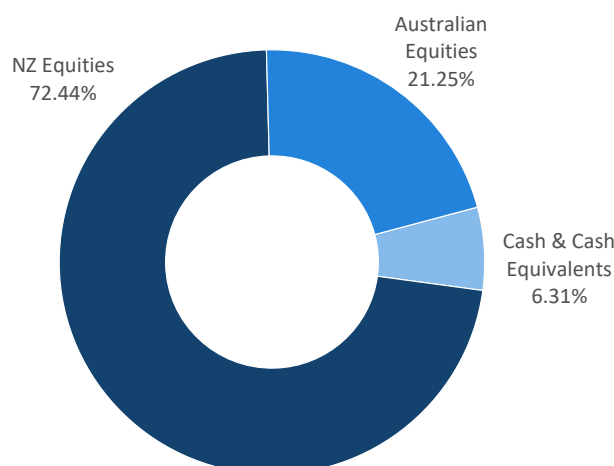
## Overview

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:
EROAD Ltd	Pushpay Holdings Ltd
Fisher & Paykel Healthcare	A2 Milk Co Ltd
NextDC Ltd	Z Energy Ltd
Absolute contribution – not relative to S&P/NZX50 Index	

Top 10 Holdings			
Fisher & Paykel	10.94%	Contact Energy Ltd	5.66%
Infratil Ltd	10.75%	Skycity Entertainment	4.96%
Spark NZ Ltd	9.65%	Aristocrat Leisure Ltd	4.88%
EROAD Ltd	7.64%	Ebos Group Ltd	4.83%
Summerset Group	6.42%	Ingenia Group	4.72%
<b>Number of holdings</b>			<b>16</b>

## Market Commentary

Most global equity markets continued their strong run for the year as lockdowns and restrictions were eased and economic data improved. The New Zealand market is somewhat of an outlier when looking at year to date returns with the S&P / NZX 50 index down 2.6% compared to the US S&P 500 index up 11.3% or the MSCI World index up 9.8%. A watchful eye is on the spread of COVID-19 in South East Asia, in particular the large number of cases being seen in India. News flow was relatively light during the month ahead of companies reporting their March period end results during May.

## Fund Commentary

The fund ended the month up 3.08% and recovered to down 1.2% calendar year to date. The largest positive contributors to return were positions in **EROAD (ERD)**, **Fisher & Paykel Healthcare (FPH)**, **Next DC (NXT)** and **Contact Energy (CEN)**. ERD rose 27.2% following the announcement that it signed its largest Australian enterprise customer which FPH gained 12% of new global concerns on the unfortunate next wave of Covid-19 globally. **Next DC (NXT)** rallied 10% over the month supported by positive price target revision from sharebrokers and absent other material news. CEN rallied following the rebalancing trades related to the iShares ETF which took effect from mid-April.

The largest negative contributors were positions in **Pushpay (PPH)**, **A2 Milk (ATM)** and **Z Energy (ZEL)**. ZEL continues to struggle for support and ended the month down 5.3%. After rising more than 26% over the previous two months, PPH gave some back in April and ended the month down 12.0%. ATM fell 11% over the month to continue its weak performance as the market remained focused on the lack of recovery in the ecommerce route to market. ZEL continues to struggle for support and ended the month down 5.3%.

Key portfolio changes during the month were adding to positions in **Contact Energy (CEN)** while modestly reducing **Aristocrat Leisure (ALL)**, **Summerset Group (SUM)** and **Fisher & Paykel Healthcare (FPH)**.

(**Bold** denotes stocks held in the portfolio)

## Key Fund Facts

<b>Distributions</b>	<b>Estimated annual fund charges (incl. GST)</b>	<b>Strategy size</b>
Wholesale fund: Calendar quarter	Wholesale: negotiated outside of fund	\$121.2m
Retail fund: March and September	Retail: 1.15%, refer PDS for more details	
<b>Hedging</b>	<b>Buy / Sell spread: 0.29% / 0.29%</b>	<b>Strategy Launch</b>
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.	<b>Performance fee</b>	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

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