

# 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 April, with the MSCI ACWI climbing 1.88%.
- Bond yields consolidated recent gains this month, having recovered all their COVID-19 inspired losses during Q1.
- Although the picture continues to improve in the developed world, where vaccination programmes are generally going well, there remains a threat to future global economic growth, if the developing world does not get its fair share of vaccines and new variants of the virus emerge.
- The strongest sector this month was Communication Services, benefitting from better than expected quarterly results from index heavyweights Facebook and Google.

## Fund Highlights

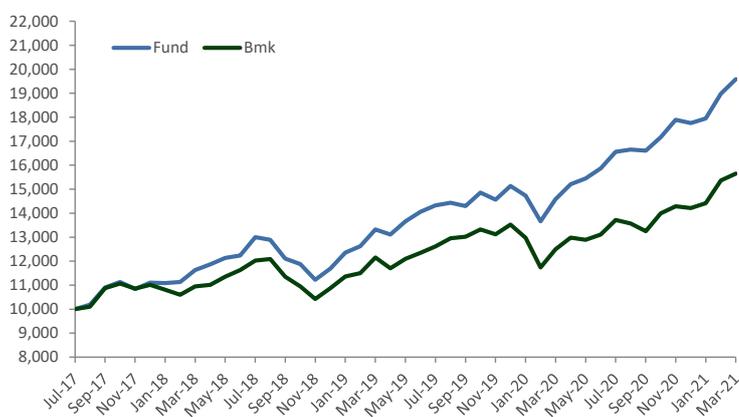
- The portfolio outperformed the index by 1.33% on a gross of fee basis, with the portfolio returning 3.21% and the benchmark returning 1.88%.
- LivaNova, Burford, Transunion and HelloFresh added value to the portfolio.
- HDFC Bank, Sony, Solaredge and Deer detracted value over the month.

## Performance

	One month	Three months	One year	Three years (p.a)	Five years (p.a)
Wholesale <sup>1</sup>	3.21%	10.30%	34.33%	19.00%	
Benchmark <sup>2</sup>	1.88%	10.13%	25.32%	12.64%	
Retail <sup>3</sup>	3.87%	8.45%	31.34%	17.51%	
KiwiSaver <sup>3</sup>	3.91%	8.62%	31.63%	18.29%	

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.

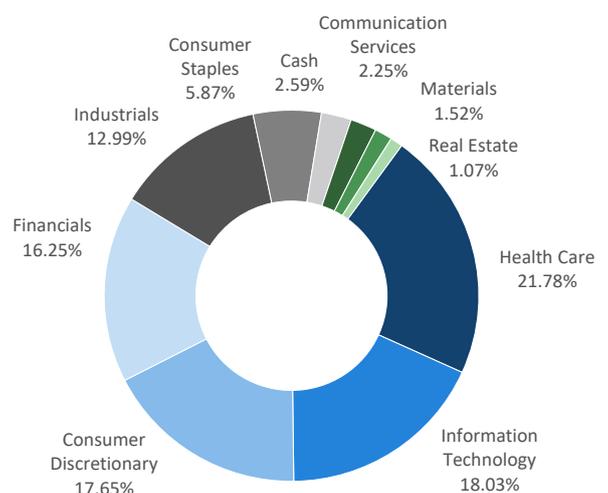
## Overview

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.

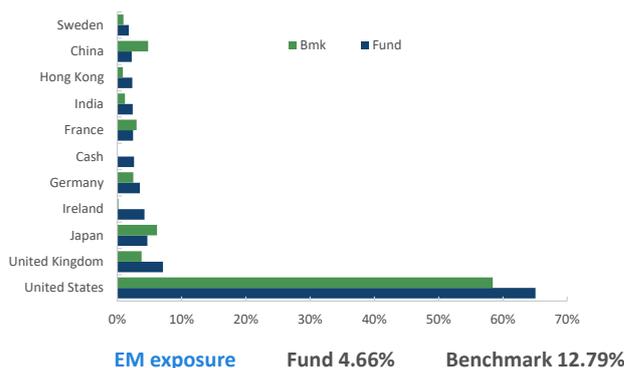
## Asset Allocation



### Top 10 Holdings (%)

	Fund	MSCI	Country
Microsoft Corporation	5.22	2.81	US
Amazon.com, Inc.	3.67	2.29	US
HelloFresh SE	3.49	0.02	Germany
LivaNova Plc	3.35	0.00	US
Compass Group PLC	3.16	0.06	UK
Aon Plc	3.06	0.09	US
Accenture Plc	3.03	0.28	US
Sony Group Corporation	2.97	0.20	Japan
Progressive Corporation	2.94	0.09	US
LabCorp of America	2.89	0.04	US

### Geographical Allocation



### Market Commentary

Global equity markets continued to rise in April, with the MSCI ACWI climbing 1.88%. The main driver, once again, was the view that only equities will offer attractive returns against a backdrop of accelerating economic recovery from the global COVID-19 pandemic. Economic data has been particularly strong in the US, with the much-watched ISM gauge of New Orders remaining at high levels, small business optimism increasing and frequent stories of product shortages emerging as pent up demand is released. Bond yields consolidated recent gains this month, having recovered all their COVID-19 inspired losses during Q1. The focus of the global pandemic switched to the developing world this month, with India suffering from a resurgence in infections, hospitalisations and fatalities. This was after the country had fared reasonably well in the first wave of infections. Although the picture continues to improve in the developed world, where vaccination programmes are generally going well, there remains a threat to future global economic growth, if the developing world does not get its fair share of vaccines and new variants of the virus emerge. The Energy sector also saw some consolidation this month after a period of strong gains, as investors weighed an increase in output from OPEC and a relatively solid demand environment. Other underperforming sectors this month included many of the defensive sectors, with Consumer Staples, Utilities and Healthcare all failing to keep pace with the market. Of the traditionally defensive sectors, only Real Estate outperformed. The strongest sector this month was Communication Services, benefitting from better than expected quarterly results from index heavyweights Facebook and Google. A continued bid for economic sensitivity was also evident in the outperformance enjoyed by the Materials and Financials sectors. The Information Technology sector outperformed in April too, pausing its recent underperformance. Europe ex UK also outperformed, as the region's vaccination programme started to pick up speed. Japan and Emerging Asia were the underperformers in April, with rising COVID-19 infections in several countries.

### Fund Commentary

The portfolio outperformed the index in April by 1.33%, with the portfolio returning 3.21% and the benchmark returning 1.88%. Positives included, **LivaNova** which outstripped investor expectations and the shares outperformed due to a substantial percentage of their business impacted by deferred surgical procedures, **Burford** who benefitted this month after one of its clients won a favourable judgement in the High Court and a large award of USD1.4bn and, **Transunion** which outperformed on the back of a significant recovery in US non-mortgage verticals. **HDFC Bank** which was negatively impacted by the significant surge in Covid-19 rates in India this month. Investors are concerned by an increase in the cheque bounce rate as this will impact credit costs and appetite for growth. **Sony** also underperformed this month after recent results signalled a muted profit growth outlook and, **Solaredge** which failed to keep pace with the market this month as the shares continued to consolidate strong gains made in anticipation of a boost to demand for renewable energy, as a result of the Democratic victory in last year's US Presidential election.

### Key Fund Facts

#### Distributions

Generally does not distribute.

#### 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

Wholesale: negotiated outside of the unit price  
 Retail 1.22%, refer to PDS for more details  
 KiwiSaver 1.15% refer to PDS for more details

#### Buy / Sell spread: Strategy Launch Strategy size

0.07%/0.07% July 2017 \$415.4m

### Compliance

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

### Contact Us [www.nikkoam.co.nz](http://www.nikkoam.co.nz) | [nzenquiries@nikkoam.com](mailto: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 a Financial Advice Provider 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](http://nikkoam.co.nz).