

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

- Global equity markets struggled over the month as sticky inflation saw bond yields spike and central banks push out the timing of interest rate cuts.
- The United States S&P 500 index fell 1.8%, the Japanese Nikkei 225 declined 1.7%, the UK FTSE 100 index dropped 3.4%, the Australian ASX 200 index lost 0.7% and the MSCI World index ended the month down 2.1%.
- The S&P/NZX 50 index had a tough month ending down 4.2%.

Fund Highlights

- The fund fell -0.7% over the month.
- August was busy with company news flow as results for the period ending June were released.
- Positions in NextDC, Aristocrat Leisure and Ingenia Communities added value, while positions in Fisher & Paykel Healthcare, Ramsay Healthcare and A2 Milk detracted from value.

Performance

	One month	Three months	One year	Three years (p.a)	Five years (p.a)	Ten years (p.a)
Wholesale ¹	-0.70%	1.45%	4.26%	2.96%	4.83%	12.38%
Benchmark ²	0.85%	2.55%	9.56%	6.99%	6.65%	7.05%
Retail ³	-0.80%	1.18%	3.09%	1.56%	3.43%	10.21%
S&P/NZX50 ⁴	-4.16%	-2.10%	0.43%	-0.37%	5.22%	10.92%

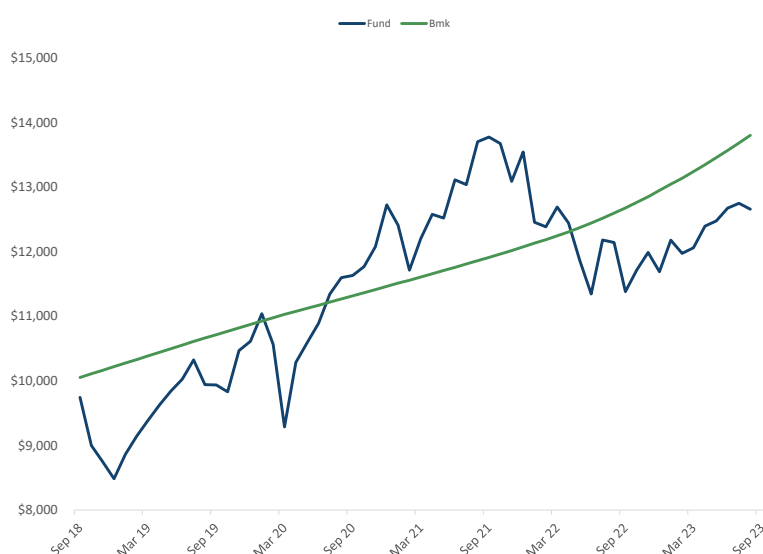
1. Returns are before tax and before the deduction of fees.

2. Benchmark: RBNZ Official Cash Rate plus 5% per annum. No tax or fees.

3. Returns are before tax and after the deduction of fees and expenses and including tax credits (if any).

4. S&P / NZX 50 Index Gross (with Imputation Credits). No tax or fees.

Five-year cumulative performance, \$10,000 invested ^{1,2}



Portfolio Manager

Stuart Williams is Managing Director and Portfolio Manager at Nikko AM New Zealand, he joined in 2014. He has over 20 years' experience across all aspects of investment management. Stuart has extensive experience in conducting detailed research and developing investment recommendations on listed companies in both New Zealand and Australia. He holds a Bachelor of Commerce degree from the University of Auckland and is a Chartered Accountant.



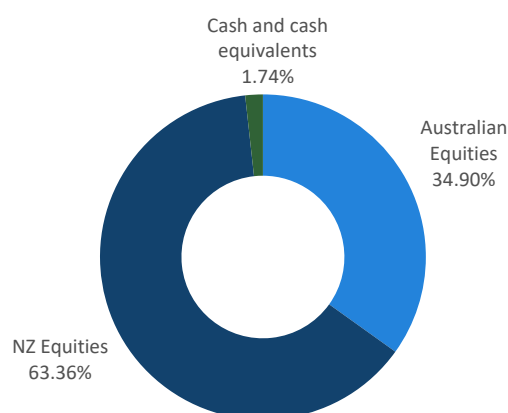
Overview

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:
NextDC	Fisher & Paykel Healthcare
Aristocrat Leisure	Ramsay Health Care
Ingenia Communities	A2 Milk

Absolute contribution – not relative to S&P/NZX50 Index

Top 10 Holdings (% of fund)			
Infratil	12.49	Aristocrat Leisure	7.04
Spark New Zealand	12.45	Ingenia Communities	5.40
Contact Energy	12.43	Waypoint REIT	5.03
NextDC	10.04	Mainfreight	4.84
Fisher & Paykel Healthcare	10.03	Allkem	4.73
Number of holdings			14

Market Commentary

Global equity markets struggled over the month as sticky inflation saw bond yields spike and central banks push out the timing of interest rate cuts. In its August Monetary Policy Statement (MPS), the Reserve Bank of New Zealand has pushed out its expectations for rate cuts from late 2024 to early 2025, about six months later than it had signalled at its May MPS. The New Zealand company earnings results saw most meet expectations but the disappointment came in the outlook statements which were impacted by continued operating cost inflation and interest rate impacts. With the New Zealand general election around six weeks away we are getting policy releases from the political parties. One policy that is seems likely to be put in place regardless of who wins is the removal of depreciation for tax purposes from commercial buildings. This has led to the listed property vehicles selling off over August.

Fund Commentary

The largest positive contributors to performance over the month were positions in **NextDC (NXT)**, **Aristocrat Leisure (ALL)** and **Ingenia Communities (INA)**. While announcing higher than expected capital expenditure expectations, NXT rose 6.2% (in AUD) as the outlook for data centres and signing customer contracts is encouraging. On no specific news ALL rose 4.0% (in AUD). INA rose 3.7 (in AUD) after announcing a result and outlook that was a touch better than expected.

The largest detractors to performance were positions in **Fisher & Paykel Healthcare (FPH)**, **Ramsay Healthcare (RHC)** and **A2 Milk (ATM)**. FPH fell 7.6% after reiterating its earnings guidance at its Annual Shareholder Meeting but it will require a strong second half of the year to achieve it. RHC continues to struggle as higher costs remain a challenge and as a result ended the month down 12.7%. While ATM’s result was fine it did disappoint the market with a lower revenue growth forecast than what the market expected. ATM fell 9.4% as a result.

Portfolio changes over the month included adding to its position in **Fisher & Paykel Healthcare (FPH)** while reducing positions in **Aristocrat Leisure (ALL)**, **Infratil (IFT)** and **NEXTDC (NXT)**.

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

Key Fund Facts		Estimated annual fund charges (incl. GST)	Strategy size
Distributions			
Wholesale fund:	Calendar quarter	Wholesale: negotiated outside of fund	\$65.4m
Retail fund:	March and September	Retail: 1.15%, refer PDS for more details	
Hedging		Buy / Sell spread: 0.29% / 0.29%	Strategy Launch
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.		Performance fee	August 2006
		10% on gains above benchmark over 12-month period after fees and expenses. High water mark applies.	
Exclusions	Controversial weapons (including by not limited to cluster munitions and chemical, biological and nuclear weapons).		
Restrictions	Tobacco stocks, fossil fuels. 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 .		

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 material has been prepared without taking into account a potential investor’s objectives, financial situation or needs and is not intended to constitute 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.