

# Nikko AM Global Equity Multi-Manager Hedged Strategy

Monthly Update 31 January 2025

Assets are held in the Nikko AM NZ Wholesale Global Equity Hedged Fund. The Nikko AM Global Equity Multi-Manager Hedged Fund (retail) invest in units in the wholesale fund, which the commentary refers to.

## Market Overview

- UK and European equities performed well while US equities slightly underperformed.
- Most emerging market equities struggled, with China and India among the weaker markets, while South Korea and Brazil bucked the trend with strong returns.
- In terms of style performance, Value outperformed Growth over the month.
- January's best performing sectors were communication services, healthcare, financials and materials, while the information technology sector was the key detractor and worst performing sector.
- NVIDIA Corp's market value alone fell by nearly USD600 billion on January 27, the largest one-day wipeout in US stock market history.

## Fund Highlights

- The fund had a return of 4.71% (NZD), outperforming the global equity index (MSCI ACWI) 100% gross hedged to NZD return of 3.26% over the month.
- WCM was once again a key driver of the outperformance, returning 5.88% to outperform by a significant 346 bps. Royal London also excelled with 155 bps of outperformance.
- Overweights to outperforming technology-related names such as AppLovin Corp, Amazon.com, TSMC and Meta Platforms counted among the top 10 individual contributors.

## Performance

	One month	Three months	One year	Three years (p.a.)	Five years (p.a.)	Ten years (p.a.)
<b>Wholesale<sup>1</sup></b>	4.71%	7.07%	26.58%	12.83%	14.44%	12.52%
<b>Benchmark<sup>2</sup></b>	3.26%	5.74%	22.87%	8.06%	10.10%	9.57%
<b>Retail<sup>3</sup></b>	4.55%	4.77%	22.99%	11.63%	12.34%	10.96%

1. Returns are before tax and before the deduction of fees and including tax credits (if any). Based on actual calendar periods.
2. Benchmark: MSCI All Countries World Index (net dividends reinvested) 100% gross hedged to NZD. 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.

## Investment Manager

The multi-manager global equity strategy is managed by Yarra Capital Management's (YCM) multi-strategy team based in Sydney and Melbourne. This team provides advice and input to the Nikko AM NZ Investment Committee which is responsible for the ongoing selection, monitoring and review of the underlying investment managers. The Nikko AM NZ Investment Committee comprises senior members from the business and is chaired by the Managing Director, Stuart Williams.

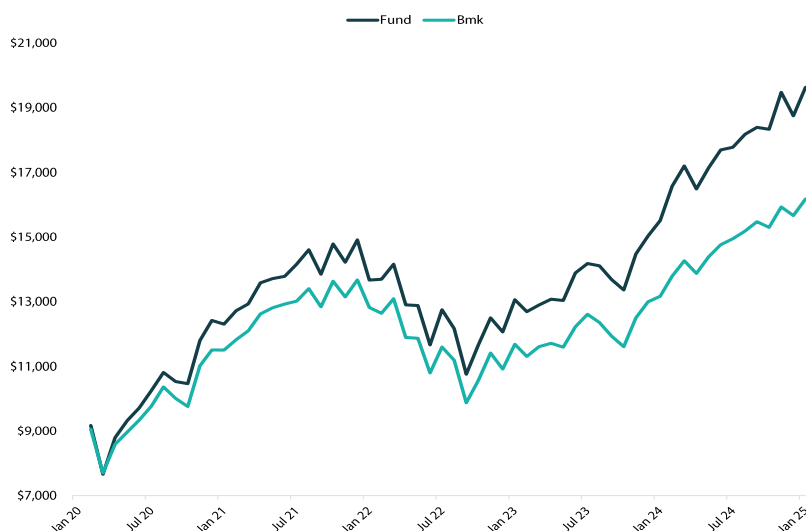
## Overview

This fund aims to provide investors with long term growth from an actively managed investment portfolio selected from global equity markets. Currency exposures created as a consequence of global equity investment are gross hedged at 100% to NZD.

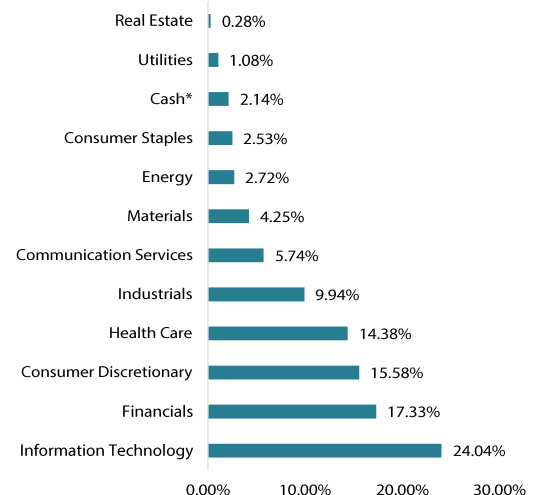
## Objective

The fund aims to outperform the benchmark return by 3% per annum before fees, expenses and taxes over a rolling three-year period.

## Five Year Cumulative Performance, \$10,000 invested<sup>1,2</sup>



## Asset Allocation



Top 10 Holdings	% of Fund	Country
Amazon.com	5.74	United States
Microsoft Corp	5.60	United States
NVIDIA Corp	3.74	United States
Taiwan Semiconductor Mfg.	3.45	Taiwan
Meta Platforms	2.51	United States
UnitedHealth Group	2.46	United States
AppLovin Corp	2.35	United States
Visa Inc	1.85	United States
Moet Hennessy Louis Vuitton	1.71	France
Linde plc	1.57	United States

Manager	Allocation	Active Return
Royal London (Core)	27.4%	1.55%
JP Morgan (Core)	32.1%	-0.33%
NAME (Quality Growth)	19.3%	0.09%
WCM (Growth)	21.2%	3.46%

Based on unhedged performance. Investment style in brackets. Cash not shown

What helped		What hurt	
AppLovin Corp	OW	JP Morgan Chase & Co.	UW
Amazon.com	OW	Alphabet Class C	UW
Apple Inc	UW	Booking Holdings	OW

OW: overweight; UW: underweight; NH: no holding – month end position

## Market Commentary

MSCI All Countries World Index gained 2.42% (NZD, unhedged) in January. European equities performed particularly well, led by Germany, Switzerland and France. UK equities also outperformed while US equities slightly underperformed. Most emerging market equities struggled, with China and India among the weaker markets, while South Korea and Brazil bucked the trend with strong returns. In terms of style performance, Value outperformed Growth over the month.

January's best performing sectors were communication services, healthcare, financials and materials, while the information technology sector was the key detractor and worst performing sector, following the emergence of Chinese AI company DeepSeek, which called into question the US technology sector's ability to deliver against lofty expectations. Among the major benchmark constituents, Meta Platforms, JP Morgan Chase and GE Aerospace were some of the top performers, while NVIDIA Corp, Apple Inc and Broadcom were among the key laggards over the month. NVIDIA Corp's market value alone fell by nearly USD600 billion on January 27, the largest one-day wipeout in US stock market history.

## Fund Commentary

The fund had a return of 4.71% (NZD), outperforming the global equity index (MSCI ACWI) 100% gross hedged to NZD return of 3.26% over the month. WCM was once again a key driver of the outperformance, returning 5.88% to outperform by a significant 345 bps. Royal London also excelled with 155 bps of outperformance, while NAME's return of 2.51% placed them marginally ahead of the Index return. JP Morgan, however, had another challenging month in relative terms – while their return of 2.09% was quite good for the month, it lagged the Index return by 33 bps. In terms of individual performance drivers, there wasn't a specific theme behind these names. While overweights to outperforming technology-related names such as AppLovin Corp, Amazon.com, TSMC and Meta Platforms counted among the top 10 individual contributors, there was also good representation from the industrials, consumer discretionary, healthcare and financials sectors. These include names such as Safran, GE Aerospace, LVMH, UnitedHealth Group and Interactive Brokers. GE Aerospace and Interactive Brokers were the stars of the month, with the shares of both companies gaining more than 20% over the month.

The fund's key detractors from performance were nil exposure to outperforming index names such as JP Morgan Chase & Co., Alphabet Class C and SAP SE, as well as overweights to names which underperformed, for example Booking Holdings and Microsoft Corp. NVIDIA Corp was the fund's worst performer down -11.4%, as investors got spooked by the emergence of the Chinese AI company DeepSeek.

## Key Fund Facts

<b>Estimated annual fund charges (incl. GST)</b>		<b>Distributions:</b> Generally does not distribute	<b>Strategy Launch:</b> October 2008
<b>Wholesale:</b>	Negotiated outside of the unit price.	<b>Exclusions:</b> Any security that conducts activities listed on the Schedule to the Cluster Munitions Prohibition Act 2009. Investment prohibited in tobacco manufacturers	<b>Strategy size:</b> \$288.4m
<b>Retail:</b>	1.42%, refer to PDS for more details.		<b>Buy / Sell spread:</b> 0.07%/0.07%
<b>Hedging:</b>	Any foreign currency exposure is gross hedged at 100% to NZD. The permitted operational hedging range is 95% to 105%.		

## Compliance

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

## Contact Us

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