

Nikko AM Global Equity Multi-Manager Unhedged Strategy

Monthly Update 31 May 2025

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

Market Overview

- Global equity markets rallied strongly in May, supported by a combination of easing geopolitical tensions, improving economic indicators, and a resurgence in investor sentiment.
- In the US, the S&P 500 index surged more than 5%, marking its best May since 1990.
- The information technology sector - particularly companies involved in artificial intelligence and semiconductors, posted substantial gains - almost 10%.
- In Europe the STOXX 600 index gained 5%, while in Asia the Chinese equity market showed resilience, with the MSCI China H index rising over 5%.

Fund Highlights

- WCM was once again the standout performer, returning 10.1% and outperforming the index by more than 5%. NAME also shined with a 6.25% return, exceeding the benchmark return by 1.1%.
- AppLovin was the top contributor to performance. In addition, overweights to other technology stocks like Microsoft, Amazon.com and Taiwan Semiconductor also made a strong contribution to relative performance.

Performance

	One month	Three months	One year	Three years (p.a.)	Five years (p.a.)	Ten years (p.a.)
Wholesale¹	6.84%	-3.06%	18.72%	19.92%	17.52%	14.21%
Benchmark²	5.11%	-3.78%	16.95%	15.58%	14.20%	11.19%
Retail³	6.54%	-2.57%	17.08%	17.97%	16.32%	12.88%

- Returns are before tax and before the deduction of fees and including tax credits (if any). Based on actual calendar periods.
- Benchmark: MSCI All Countries World Index (net dividends reinvested), in NZD terms. No tax or fees.
- Returns are before tax and after the deduction of fees and expenses and including tax credits (if any). Based on change in unit price.

Five Year Cumulative Performance, \$10,000 invested^{1,2}



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.

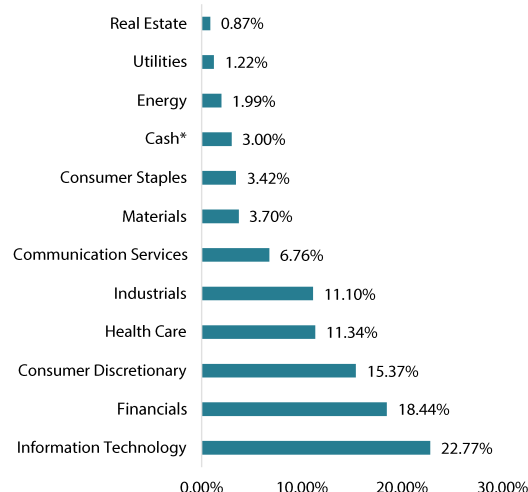
Overview

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 unhedged.

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	% of Fund	Country
Microsoft Corp	6.22	United States
Amazon.com	5.17	United States
NVIDIA Corp	4.48	United States
Taiwan Semiconductor Mfg.	2.84	Taiwan
Meta Platforms	2.36	United States
AppLovin Corp	1.95	United States
Visa Inc.	1.79	United States
Apple Inc.	1.53	United States
Progressive Corp	1.52	United States
Safran SA	1.15	France

Manager	Allocation	Added Value	
Royal London (Core)	28.1%	-0.49%	
JP Morgan (Core)	30.8%	2.10%	
NAME (Quality Growth)	19.6%	1.14%	
WCM (Growth)	20.6%	5.03%	
Based on unhedged performance. Investment style in brackets. Cash not shown			
What helped		What hurt	
AppLovin Corp	OW	Tesla, Inc.	UW
Microsoft Corp	OW	Alphabet Inc. Class C	NH
Amazon.com	OW	Vertex Pharmaceuticals	OW
OW: overweight; UW: underweight; NH: no holding – month end position			

Market Commentary

Global equity markets rallied strongly in May, supported by a combination of easing geopolitical tensions, improving economic indicators, and a resurgence in investor sentiment. Emerging market equities kept pace with developed markets for most of the month, but lost momentum toward the end of May. A temporary pause in US-China tariffs helped alleviate investor concerns and contributed to increased market optimism, while stronger-than-expected GDP growth and employment data further bolstered investor confidence. The information technology sector, particularly companies involved in artificial intelligence and semiconductors, posted substantial gains of almost 10%. A broadening of market participation signalled a more sustainable market rally. Defensive and/or value-oriented sectors struggled, with healthcare (-4%), consumer staples (0.9%) and energy (1.5%) lagging the broader market. In the US, the S&P 500 index surged more than 5%, marking its best May since 1990. The Nasdaq surged higher recording a gain of 9% - its strongest May since 1997. In Europe the STOXX 600 index gained 5%, while in Asia the Chinese equity market showed resilience, with the MSCI China H index rising over 5% amid a stable macroeconomic environment.

Fund Commentary

WCM was once again the standout performer, returning 10.1% and outperforming the index by just over 5%. NAME also shined exceeding the benchmark return by 1.1%, while JP Morgan returned did even better, outperforming the index by over 2%. In contrast, Royal London had a more challenging month - although the portfolio returned 4.62%, it was -0.5% shy of the index return.

At the fund level, AppLovin was the top contributor to performance. Its remarkable performance can be attributed to several factors - impressive Q1 results highlighted the company's robust financial health and growth trajectory, and the sale of its mobile gaming business to Triplicated Studios for USD 400 million in cash, alongside acquiring a 20% equity stake in Triplicated. The move signalled AppLovin's strategic pivot towards high-margin advertising technology. Another WCM holding in the technology space is Robinhood Markets which performed well, as did GE Aerospace and Siemens Energy in the industrial space.

In aggregate, the Multi-Manager Fund is overweight to 'mega-cap' stocks Microsoft, Amazon.com and Taiwan Semiconductor and these all made a strong contribution to relative performance. The fund's top holding, Microsoft, published robust Q3 FY2025 earnings, supported by continued momentum in AI and cloud. Key detractors from performance included a mix of overweight and underweight exposures. The largest detractor was an underweight exposure to the electric vehicle manufacturer Tesla, which surged 22%. Investor enthusiasm for Tesla was fuelled by the company's upcoming robotaxi service in Austin, Texas, which is expected to commence with 10 to 20 autonomous vehicles, and speculation about a new, more affordable Tesla model commencing production in June 2025. Nil exposure to major index constituents Alphabet Class C and JP Morgan Chase & co., both of which gained approximately 7% also detracted from relative performance. Other significant detractors included overweight positions in Vertex Pharmaceuticals and Genpact Limited. Shares of Vertex, a global biotechnology company, fell 14% after its first-quarter 2025 results came in short of analyst expectations.

Key Fund Facts

Estimated annual fund charges (incl. GST)	
Wholesale:	Negotiated outside of the unit price.
Retail:	1.42%, refer to PDS for more details.
Hedging:	Any foreign currency exposure is unhedged.

Distributions:	Generally does not distribute
Exclusions:	Any security that conducts activities listed on the Schedule to the Cluster Munitions Prohibition Act 2009. Investment prohibited in tobacco manufacturers

Strategy Launch:	October 2008
Strategy size:	\$560m
Buy / Sell spread:	0.07%/0.07%

Compliance

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

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