

# Nikko AM Global Shares Unhedged Strategy

Monthly Update 31 May 2025

Assets are held in the Nikko AM NZ Wholesale Global Shares Fund. The Nikko AM Global Shares Fund (retail) and the GoalsGetter KiwiSaver Scheme Nikko AM Global Shares Fund invest in units in the wholesale fund, which the commentary refers to.

## Market Overview

- Markets extended their recovery in May, building on April's lows as consumer sentiment improved and trade tensions eased.
- Progress in U.S. trade negotiations with the European Union (EU) and a temporary delay to planned tariff hikes reduced fears of a global recession and fuelled broad-based gains across risk assets, with global indices rising more than 5% over the month.
- The Information Technology (IT) sector was the best-performing sector. The underperforming sectors were either commodity-based or defensive in nature, with Healthcare being the only sector to post negative returns.

## Fund Highlights

- The fund returned 6.2% for the month, outperforming its benchmark by 1.1%.
- Positive contributors to performance included Curtiss-Wright Corporation, Broadcom Inc. and Palomar Holdings Inc.
- Negative contributors to performance were Genpact Limited, Elevance Health Inc. and Bio-Techne Corporation.

## 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>	6.25%	-2.17%	22.78%	16.52%	15.32%	
<b>Benchmark<sup>2</sup></b>	5.11%	-3.78%	16.95%	15.58%	14.20%	
<b>Retail<sup>3</sup></b>	6.50%	-1.15%	20.87%	14.94%	14.06%	
<b>KiwiSaver<sup>3</sup></b>	6.49%	-1.23%	20.74%	14.94%	14.11%	

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), 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.

## 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.

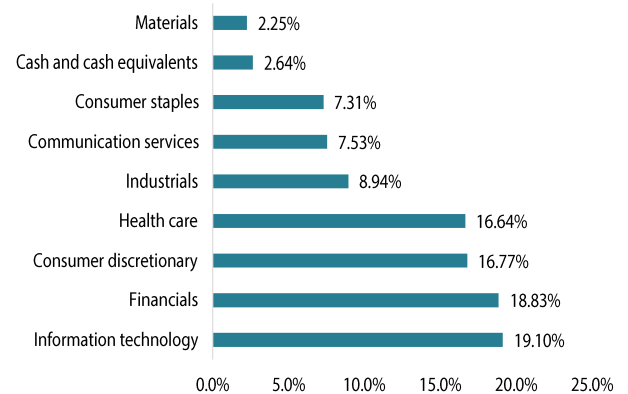
## Objective

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

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



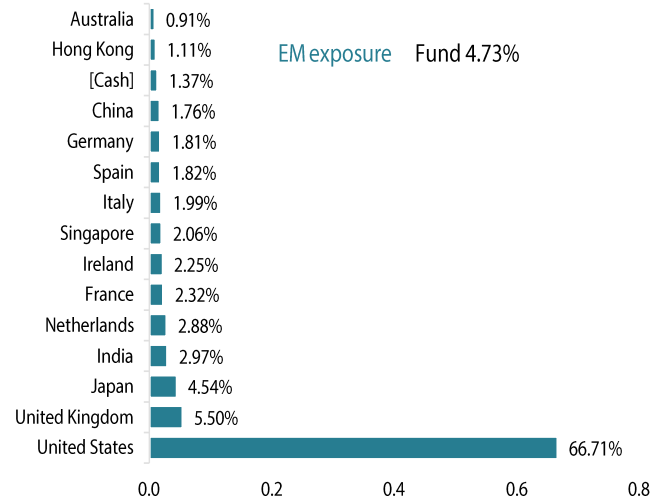
## Sector Allocation (Includes cash in NZ PIE)



## Top 10 Holdings

	% of Fund	Country
Microsoft Corp	5.76	United States
Nvidia Corp	4.94	United States
Amazon Com Inc	4.42	United States
Meta Platforms Inc	4.18	United States
Netflix Inc	3.35	United States
Broadcom Corp Com	2.96	United States
HDFC Bank Ltd	2.93	India
Coca-Cola Europacific Partners	2.84	United Kingdom
Intercontinental Exchange Inc	2.81	United States
Haleon Plc	2.72	United Kingdom

## Geographical Allocation (Includes cash in NZ PIE)



## Market Commentary

Markets extended their recovery in May, building on April's lows as consumer sentiment improved and trade tensions eased. Progress in U.S. trade negotiations with the European Union (EU) and a temporary delay to planned tariff hikes reduced fears of a global recession and fuelled broad-based gains across risk assets. Global indices rose more than 5% over the month - and our global strategy extending that by a further 1%. Driven by strong results and continued growth, the Information Technology (IT) sector was the best-performing sector. The underperforming sectors were either commodity-based or defensive in nature, with Healthcare being the only sector to post negative returns. U.S. markets continued to perform well, aided by a weaker U.S. dollar. One of the worst-performing developed index was the UK, driven by weakness in Consumer Staples, Healthcare and commodity sectors.

## Fund Commentary

As a result of actions taken over the last 12 months, we are significantly underweight in IT, though the IT stocks we do own have a high beta. We also remain overweight in the Consumer Discretionary and Healthcare sectors. The portfolio is diversified - only slightly overweight in the U.S. and continues to be well-positioned to handle ongoing volatility. As always, we intend for stock selection to be the key driver of future returns. Amid the policy upheaval, we continue to search for - and find - new Future Quality ideas.

**Contributors: Curtiss-Wright Corporation** rose over 25% in May, driven by robust Q1 2025 results and an upgraded full-year outlook. The company reported a 13% year-over-year increase in sales to US Dollar 806 million and a surge in adjusted earnings. Strong demand across the Aerospace & Defense and commercial nuclear markets, along with operational strength in the Defense Electronics segment, contributed to this outperformance. Notably, Curtiss-Wright secured record new orders exceeding US Dollar 1 billion, reflecting a 1.26x book-to-bill ratio. **Broadcom Inc.** continued its strong performance in May, supported by solid fundamentals and investor optimism around AI and connectivity trends. Its diversified exposure to data centers, telecom, and industrial automation, combined with leadership in analog and mixed-signal semiconductors, positions Broadcom to benefit from AI proliferation across sectors. **Palomar Holdings Inc.** impressed investors with its Q1 2025 results, reporting strong net income growth and EPS of US Dollar 1.87. The specialty insurer's robust underwriting performance and disciplined risk management supported earnings growth, while its diversified portfolio, spanning earthquake, flood, and hurricane insurance, provided resilience.

**Detractors:** Despite reporting solid Q1 2025 results, **Genpact Limited's** stock underperformed in May due to tempered forward guidance caused by potential delays in several large client contracts. The company posted 8.3% year-over-year revenue growth, with strong performance in its Data-Tech-AI segment, which grew 11.7%. **Elevance Health Inc.** delivered strong Q1 2025 results, with revenue up 15.4% to US Dollar 48.8 billion and adjusted EPS of US Dollar 12. However, the stock lagged in May due to concerns around rising Medicare Advantage medical costs, following a profit warning from peer UnitedHealthcare. While **Bio-Techne Corporation** highlighted improved pharma end-market conditions and strong execution in Protein Sciences, sentiment toward Life Science Tools remains poor. U.S. government biotech funding remains in question, and potential drug price cuts continue to undermine biotech investor confidence.

## Key Fund Facts

<b>Estimated annual fund charges</b>		<b>Distributions:</b> Generally does not distribute	<b>Strategy Launch:</b> July 2017
<b>Wholesale:</b>	Negotiated outside of the unit price.	<b>Exclusions:</b> Controversial weapons. Tobacco manufacturers.	<b>Strategy size:</b> \$652.5m
<b>Retail:</b>	1.20%, refer to PDS for more details.	<b>Restrictions:</b> Adult entertainment, gambling, fossil fuels, alcohol stocks. For more information, please refer to the Statement of Investment Policy and Objectives (SIPO) on our website <a href="http://nikkoam.co.nz/invest/retail">nikkoam.co.nz/invest/retail</a> .	<b>Buy / Sell spread:</b> 0.07%/0.07%
<b>KiwiSaver:</b>	1.35% refer to PDS for more details.		

## Compliance

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

## Contact Us

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