

Nikko AM Global Shares Unhedged Strategy

Monthly Update 31 July 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

- Narrow and steep markets remained the narrative for July. Global developed markets continued to rise with many indices hitting new all-time highs.
- The One Big Beautiful Bill Act ('OBBA') was passed by the US Senate, while a number of trade deals were reached, including with Vietnam, Japan, and Europe.
- Cyclical stocks outperformed defensive stocks, and the outperformance of growth stocks seen since late April continued.

Fund Highlights

- The fund returned 4% for the month, underperforming its benchmark by 0.3%.
- Positive contributors to performance included Oracle Corporation, Synopsys, Inc. and NVIDIA Corporation.
- Negative contributors to performance included Elevance Health, Inc, Netflix, Inc. and Kerry Group plc.

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.

Performance

	One month	Three months	One year	Three years (p.a.)	Five years (p.a.)	Ten years (p.a.)
Wholesale¹	3.95%	13.91%	22.11%	17.76%	15.95%	
Benchmark²	4.22%	12.58%	16.58%	17.60%	15.55%	
Retail³	3.93%	14.03%	22.06%	16.69%	14.40%	
KiwiSaver³	3.91%	13.98%	21.91%	16.67%	14.43%	

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.

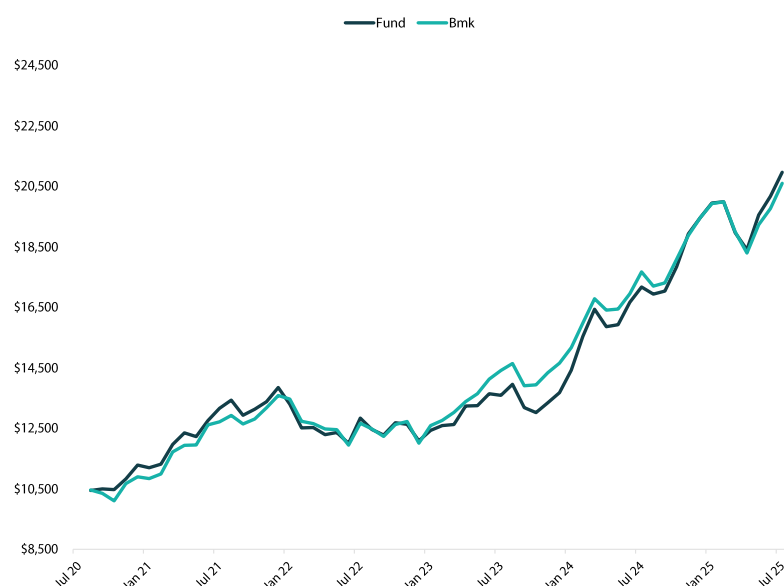
Overview

The fund provides investors with a relatively concentrated actively managed portfolio of global equities to achieve long term capital growth.

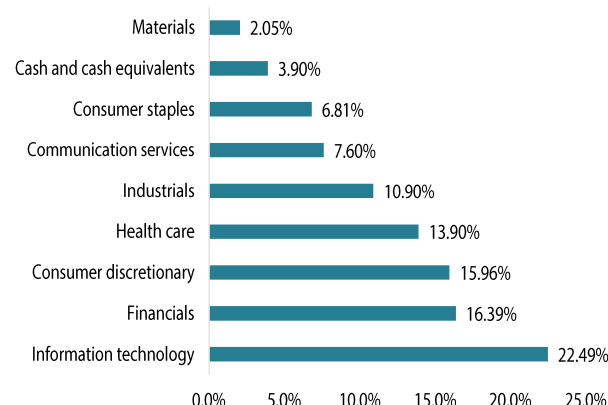
Objective

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^{1,2}



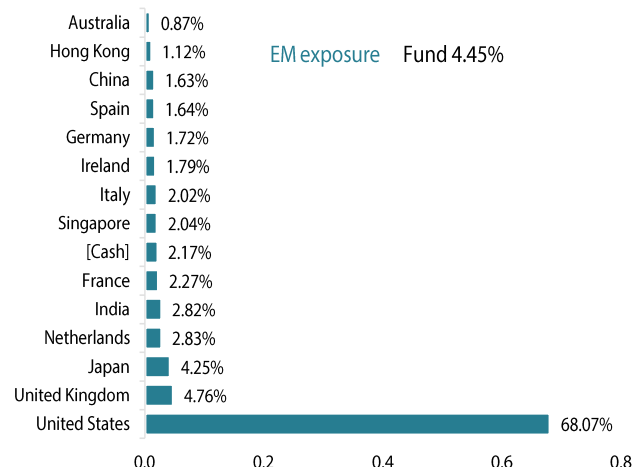
Sector Allocation (Includes cash in NZ PIE)



Top 10 Holdings

	% of Fund	Country
Microsoft Corp	6.18	United States
Nvidia Corp	6.02	United States
Amazon Com Inc	4.67	United States
Meta Platforms Inc	4.63	United States
Oracle Corp	3.35	United States
Broadcom Corp Com	3.33	United States
Netflix Inc	2.98	United States
Coca-Cola Europacific Partners	2.78	United Kingdom
HDFC Bank Ltd	2.77	India
Compass Group	2.52	United Kingdom

Geographical Allocation (Includes cash in NZ PIE)



Market Commentary

Narrow and steep markets remained the narrative for July. Global developed markets continued to rise with many indices hitting new all-time highs. The One Big Beautiful Bill Act ('OBBA') was passed by the US Senate, while a number of trade deals were reached, including with Vietnam, Japan, and Europe. The new 'tariff' norm was set at 15%, and despite being significantly higher than the average rate of 2.4% before Trump's presidency, equity markets responded positively. Cyclical stocks outperformed defensive stocks, and the outperformance of growth stocks seen since late April continued. Information Technology (IT) continued its dominance and was the only sector to materially outperform over the month, highlighting once again the strength of AI as a growth engine. The main underperforming sectors were defensive in nature, with Health Care, Consumer Staples and Real Estate lagging both global indices and in absolute terms. Utilities bucked this trend, as AI's hunger for power continues to drive growth in that sector. Given the strength of earnings from AI stocks - particularly the hyperscalers - it's no surprise that the US once again outperformed other markets. However, emerging Asian market equities also rose by more than 2.0% (in USD terms), boosted by economic stability in China and, in particular, the Caixin manufacturing output purchasing managers' index (PMI) rising above 50, indicating economic expansion. Stronger currencies and IT exposure in markets such as Korea and Taiwan also contributed. Hong Kong and Singapore markets outperformed as well. Underperforming regions included commodity-heavy indices such as the UK, Canada, and Australia. Europe also underperformed, as investors accepted a slower pace of reform and the likelihood that a 15% Trump tariff could negatively impact 2026 growth expectations.

Fund Commentary

Contributors: **Oracle Corporation's** stock surged in July following strong results, with cloud infrastructure revenue up 52% and total cloud revenue up 27%. The company also raised its outlook for fiscal year 2026, projecting over 40% growth in total cloud revenue. Strategic partnerships with IBM and Cleveland Clinic, along with the announcement of a 4.5GW contract with OpenAI as part of Stargate, also boosted the shares. Shares of **Synopsys, Inc.** rebounded after news that the US had lifted previously imposed export controls on EDA providers for exports to China. With that potential headwind disappearing - or at least becoming less imminent - the strength of the core business and demand for high-performance computing came back into focus. Peer company Cadence reported a strong quarter in July with a record backlog, which came despite the month-long China ban, setting the stage for Synopsys' next earnings release. **NVIDIA Corporation** continued its AI-driven momentum, helped by the rescinding of the US ban on the sale of H20 GPU chips to China and continued stock purchases. Strong demand for its Hopper and upcoming Blackwell chips is expected to persist, as hyperscalers continue to increase their capex forecasts for this year and next.

Detractors: Despite strong revenue growth and effective cost management, **Elevance Health, Inc.** faces elevated medical cost trends in its ACA and Medicaid businesses, significantly impacting margins. These cost pressures prompted a downward revision in full-year earnings guidance, driving the share price lower. **Netflix, Inc.** shares had been strong leading into results but failed to exceed already inflated expectations. The company also faced several headwinds, including the departure of popular HBO and Disney content from the platform, increased competition, and rising content costs. Nonetheless, we believe the company is extremely well positioned to continue growing its subscriber base. Despite delivering solid first half 2025 results and a 100bps EBITDA margin expansion, **Kerry Group plc's** shares fell in July due to concerns over slowing volume growth and a general market avoidance of defensive stocks. The announcement of a senior executive retirement and ongoing macroeconomic concerns also weighed on the stock.

Key Fund Facts

Estimated annual fund charges		Distributions:	Generally does not distribute	Strategy Launch:	July 2017
Wholesale:	Negotiated outside of the unit price.	Exclusions:	Controversial weapons. Tobacco manufacturers.	Strategy size:	\$712.6m
Retail:	1.20%, refer to PDS for more details.	Restrictions:	Adult entertainment, gambling, fossil fuels, alcohol stocks. For more information, please refer to the Statement of Investment Policy and Objectives (SIPO) on our website nikkoam.co.nz/invest/retail .	Buy / Sell spread:	0.07%/0.07%
KiwiSaver:	1.35% refer to PDS for more details.				

Compliance

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

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