

Nikko AM Growth Strategy

Monthly Update 31 July 2025

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

Market Overview

- July was another strong month for global equities as the rally from the early April "Liberation Day" sell-off continued, even as some of the extended deadlines for tariff negotiations expired.
- US, UK and Japanese equity markets made new all-time record highs, despite considerable ongoing uncertainty around the future terms and conditions for global trade.
- Corporate earnings for the second quarter of 2025 proved resilient in the US and Europe. Overall, they were ahead of consensus estimates and comfortably above levels from one year ago.

Fund Highlights

- All of the 'growth' asset classes (equities and listed property) posted strong absolute returns over the month, with the Global Equity Fund (Unhedged) and NZ Property Fund the two standouts with returns of 5.7% and 4.1% respectively.
- In local equities Infratil and Ryman returned 9.7% and 11.6% respectively, the former on improved valuation on its investment in CDC Data Centres, and the latter on better-than-expected quarterly sales and improved guidance.
- NZ bonds delivered solid returns with rates moving slightly lower, and the funds' higher income accrual and longer duration positioning added value.

Performance

	One month	Three months	One year	Three years (pa)	Five years (pa)	Ten years (pa)
Wholesale¹	2.43%	9.94%	10.79%	9.69%	7.24%	
Benchmark²	2.44%	9.10%	9.91%	10.47%	8.53%	
Retail³	2.38%	9.47%	10.30%	8.61%	6.09%	
KiwiSaver³	2.34%	9.38%	10.05%	8.49%	6.01%	

- Returns are before tax and before the deduction of fees and including tax credits (if any). Based on actual calendar periods.
- Benchmark: Weighted composite of the benchmarks of the underlying sector funds. 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}



Portfolio Manager

Alan Clarke,

Portfolio Manager

Responsible for providing overall management of the diversified funds and for managing external investment managers. Alan has over 20 years' experience in investment management as both an analyst and portfolio manager. Prior to starting at Nikko AM, Alan spent 17 years at ANZ Investments and has also held roles at Theta Capital Management in Amsterdam and Morley Asset Management in London. Joined in 2023.



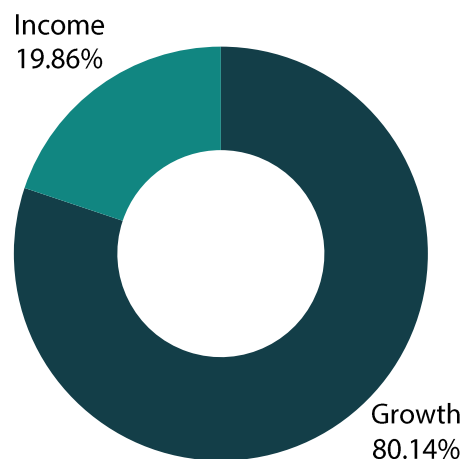
Overview

This fund has a diversified portfolio of predominately growth assets to deliver growth in capital value over the long term.

Objective

The fund aims to outperform the benchmark return by 2.0% per annum before fees, expenses and taxes over a rolling three-year period.

Asset Allocation



Sector Performance

	Month		3 months		1 year		3 years p.a.		Asset Allocation	
	Fund	B'mark	Fund	B'mark	Fund	B'mark	Fund	B'mark	Fund	B'mark
NZ Cash Fund	0.37%	0.28%	1.07%	0.87%	5.10%	4.41%	5.53%	4.90%	2.87%	3.00%
NZ Bond Fund	0.61%	0.50%	0.99%	0.82%	5.10%	4.94%	4.55%	3.55%	5.51%	5.50%
NZ Corporate Bond Fund	0.74%	0.63%	1.32%	1.21%	6.26%	6.17%	5.68%	5.28%	2.50%	2.50%
Global Bond Fund	-0.16%	-0.20%	0.58%	0.23%	3.56%	3.22%	3.05%	2.05%	8.98%	9.00%
Core Equity Fund	1.86%	1.78%	7.83%	7.83%	2.96%	4.13%	5.09%	4.56%	11.45%	11.50%
Concentrated Equity Fund	2.50%	0.68%	9.49%	2.04%	1.33%	9.17%	4.74%	9.67%	11.45%	11.50%
Property Fund	5.73%	5.68%	15.33%	15.79%	9.84%	9.33%	1.12%	0.39%	7.04%	7.00%
Global Equity Unhedged Fund	4.08%	4.22%	14.07%	12.58%	18.32%	16.58%	21.32%	17.60%	25.28%	25.00%
Global Equity Hedged Fund	1.92%	2.18%	13.17%	11.95%	15.27%	14.38%	17.14%	13.81%	24.92%	25.00%

The benchmark for this strategy is a weighted composite of the benchmarks of the underlying sector funds. Details can be found in the Statement of Investment Policy and Objectives available at www.nikkoam.co.nz

Market Commentary

July was another strong month for global equities as the rally from the early April “Liberation Day” sell-off continued, even as some of the extended deadlines for tariff negotiations expired. US, UK and Japanese equity markets made new all-time record highs, despite considerable ongoing uncertainty around the future terms and conditions for global trade. The MSCI ACWI (NZD Hedged) was up 2.2% and is up over 14% on a rolling one year basis. The US dollar was stronger against most other currencies (including the NZ Dollar), meaning the MSCI ACWI Index (NZD unhedged) was up 4.2% (+12.6% rolling 1-yr). Global bonds (hedged to NZD) fell slightly, whereas NZ Bonds posted a solid gain in July and are now up nearly 3% year-to-date.

As well as the announcement of multiple trade agreements, there was also the passage in the US of the One Big Beautiful Bill Act (OBBBA), which improved policy clarity and boosted risk sentiment. Corporate earnings for the second quarter of 2025 proved resilient in the US and Europe. Overall, they were ahead of consensus estimates and comfortably above levels from one year ago. While the mega-cap “magnificent 7” companies were a key driver of this, most other sectors/industries also contributed to the broader based earnings growth. In terms of economic data, US jobs data for July was weaker than expected, and also came with downward revisions to prior months. With inflation remaining sticky, the US Federal Reserve continued to “wait-and-watch” and kept short-term rates unchanged. Central banks for the most part maintained an easing bias, albeit at a slower pace. The European Central Bank (ECB) held rate steady in July, but are expected to cut again later in the year. In Australia the RBA surprised with a ‘hold’ decision when a 25pt cut was expected. There is now considerable divergence in monetary policy settings across countries/regions. The US and UK have paused with rates above 4%, well above the 2% setting for Europe where inflation has fallen back to acceptable levels and economic growth remains sub-par.

Fund Commentary

Returns for the Growth Fund were strong in July, with all of the underlying strategies posting positive returns with the exception of global bonds which fell slightly.

All of the ‘growth’ asset classes (equities and listed property) posted strong absolute returns over the month, with the Global Equity Fund (Unhedged) and NZ Property Fund the two standouts with returns of 5.7% and 4.1% respectively. Within the Multi-manager Global Equity Fund, both ‘growth’ style managers (WCM and NAM-Europe) and Royal London (‘core’) underperformed, while JPMorgan (‘core’) outperformed. Technology names such as Amazon.com, Microsoft, Synopsis were the main contributors to performance, while the biggest detractors were Danish pharmaceutical company Novo Nordisk and the US insurance broker Brown & Brown. In local property, Kiwi Property (KPG) and Stride Property (SPG) were both up nearly 10% for the month. The KPG performance was driven by ASB Bank extending the lease for their headquarters in the Wynyard Quarter. In local equities Infratil and Ryman returned 9.7% and 11.6% respectively, the former on improved valuation on its investment in CDC Data Centres.

NZ bonds delivered solid returns with rates moving slightly lower, and the funds’ higher income accrual and longer duration positioning added value. The local bond funds are positioned to benefit if rates move lower as the RBNZ continues with its easing cycle. Global bond markets fell slightly and the Global Bond Fund outperformed by being underweight Japanese rates and overweight commercial-MBS.

Key Fund Facts

Estimated annual fund charges (incl. GST):		Distributions:	Generally does not distribute	Strategy Launch:	August 2016
Wholesale:	Negotiated outside of the unit price	Hedging:	Currency hedging contracts, if any, are held in the sector funds listed in the asset allocation. Currently the fund’s foreign currency exposure is 30.1%	Strategy size:	\$26.8m
Retail:	1.09%, refer PDS for more details				
KiwiSaver:	1.29%, refer PDS for more details.			Buy / Sell spread:	0.11% / 0.11%
Performance Fee:	Not charged in this fund				

Compliance

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

Contact Us

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