

Nikko AM Concentrated Equity Strategy

Monthly Update 30 April 2025

Assets are held in the Nikko AM Wholesale Concentrated Equity Fund. The Nikko AM Concentrated Equity Fund (retail) invest in units in the wholesale fund, which the commentary refers to.

Market Overview

- Global equity markets were very volatile throughout April as companies and countries assessed how tariffs announced in early April by the United States would impact them.
- The United States S&P 500 index fell 0.8%, the Japanese Nikkei 225 rose 1.2%, the UK FTSE 100 index declined 1.0%, the Australian ASX 200 index added 3.6% and the MSCI World index ended the month down 0.4% (in local terms).
- The S&P/NZX 50 index ended the month down 3.0%.

Fund Highlights

- The fund ended the month down 2.6%.
- Company news flow was light over the month with a number of results to be released next month for the period ended March.
- The fund's positions in Waypoint REIT, ResMed and NextDC added value while positions in Worley, Ryman Healthcare and Mainfreight detracted from value.

Performance

	One month	Three months	One year	Three years (p.a.)	Five years (p.a.)	Ten years (p.a.)
Wholesale¹	-2.60%	-12.86%	-4.46%	0.90%	4.44%	9.00%
Benchmark²	0.68%	2.08%	9.72%	9.56%	7.88%	7.37%
Retail³	-2.62%	-12.96%	-5.52%	-0.21%	2.96%	7.12%
S&P/NZX50⁴	-2.99%	-8.17%	0.29%	0.88%	3.25%	8.48%

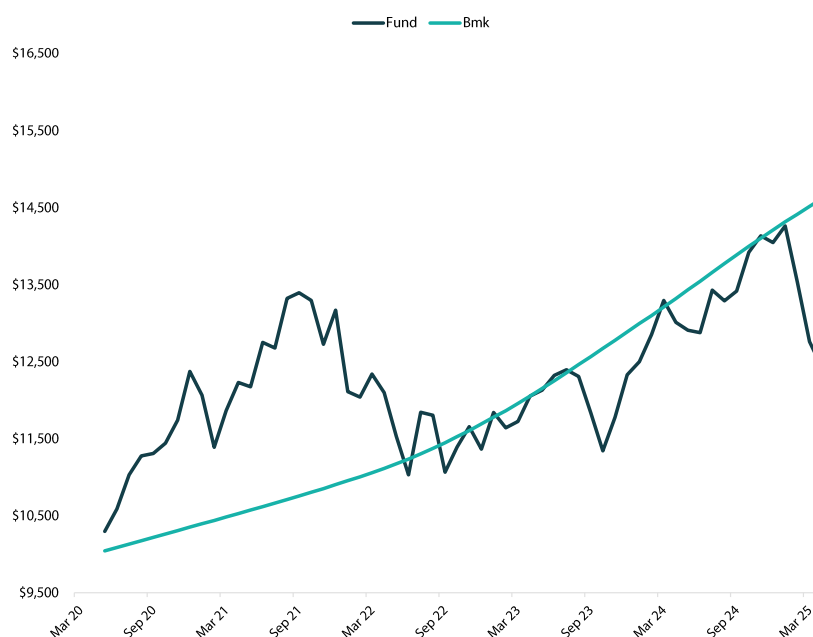
1. Returns are before tax and before the deduction of fees and including tax credits (if any).

2. Benchmark: RBNZ Official Cash Rate plus 5% per annum. No tax or fees.

3. Returns are before tax and after the deduction of fees and expenses and including tax credits (if any).

4. S&P / NZX 50 Index Gross (with Imputation Credits). No tax or fees.

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



Portfolio Manager

**Michael Sherrock,
Head of Equities**



Michael joined Nikko AM in 2006 and covers the Energy, Materials, Metals and Mining and Media sectors. He has over 20 years' experience and previously held roles with Schroders UK and ASB Group Investments. Michael is a CFA charterholder and holds a Bachelor of Commerce degree from the University of Auckland.

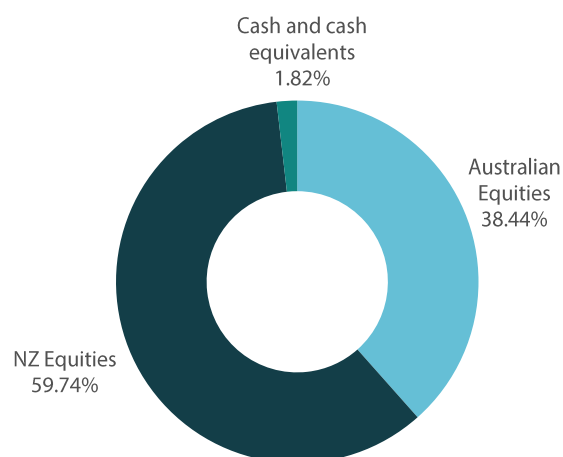
Overview

The Concentrated Equity Fund is a collection of the portfolio manager's highest conviction investment ideas to achieve capital appreciation. The typical number of stocks in the portfolio is circa 15.

Objective

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

Asset Allocation



Contribution To Performance*		Top 10 Holdings (% of fund)			
What Helped:	What Hurt:	Contact Energy	10.49	Worley Limited	7.03
Waypoint	Worley	Infratil Ltd	9.83	Meridian Energy	6.42
ResMed	Ryman	NEXTDC	8.17	Ingenia Comm	6.17
NEXTDC	Mainfreight	Summerset Group	7.97	Waypoint REIT	5.99
		Spark NZ	7.17	Aristocrat Leisure	5.64
		Number of holdings	16		

*Absolute contribution – not relative to S&P/NZX50 Index

Market Commentary

Global equity markets were very volatile throughout April as companies and countries assessed how tariffs announced in early April by the United States would impact them. This was not an easy exercise given the constantly changing tariff rates faced by countries and sectors and also how different countries were proposing or implementing counter tariffs. A number of equity indices fell more than 10% in response to the tariff announcements before recovering some ground. The S&P 500 is an example, it fell 11.2% in early April before ending the month down only 0.8%. Investors became nervous about what the tariffs would mean for economic growth but also how inflation would be impacted. This has led to questions about timing and size of interest rate cuts for certain central banks.

Fund Commentary

The largest positive contributors to the fund's return were positions in **Waypoint** REIT (WPR), **ResMed** (RMD) and **NextDC** (NXT). On no specific news, WPR rose 8.0% (in AUD). WPR was no doubt assisted by its defensive qualities in a volatile market and also by the share buyback being conducted by the company. RMD rose 4.9% (in AUD) following the announcement of a good third quarter result. RMD's stock performance was also aided by the company saying they had received confirmation from US Customs and Border Protection that its products would be exempt from US import duties. Following a tough few months on the back of weakness in data centre related stocks, NXT bounced back and produced a 4.6% return (in AUD).

The largest negative contributors to the fund's return were from **Worley** (WOR), **Ryman** Healthcare (RYM) and **Mainfreight** (MFT). WOR, who provides engineering services for large projects, suffered as investors became nervous that tariffs and market volatility would lead to its customers delaying projects. WOR ended the period down 13.8% (in AUD). RYM continues to struggle post its \$1b capital raising and during April also faced pressure from a seller of a large parcel of shares. RYM ended the month down 19.9%. Tariffs have created uncertainty with regard to international trade and freight volumes and MFT has been impacted by that sentiment. The stock ended the month down 10.0%. Portfolio changes over the month included adding to our positions Contact Energy (CEN) and WOR. The funds positions in WPR and Infratil (IFT) were reduced.

(**Bold** denotes stocks held in the portfolio).

Key Fund Facts

Estimated annual fund charges (incl. GST)		Hedging:	Foreign currency exposures may be hedged to NZD at the Manager's discretion within an operational range of 0% to 105%. Currently the fund's foreign currency exposure is unhedged.	Strategy Launch:	August 2006
Wholesale:	Negotiated outside of the unit price.	Exclusions:	Controversial weapons (including but not limited to cluster munitions and chemical, biological and nuclear weapons).	Strategy size:	\$45m
Retail:	1.15%. refer PDS for more details.	Restrictions:	Tobacco stocks, fossil fuels. For more information, please refer to the Statement of Investment Policy and Objectives (SIPO) on our website https://www.nikkoam.co.nz/invest/retail .	Buy / Sell spread:	0.29%/0.29%
Distributions:					
Wholesale:	Calendar quarter				
Retail:	March and September				

Compliance

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

Contact Us

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