

Nikko AM Core Equity Strategy

Monthly Update 30 April 2025

Assets are held in the Nikko AM Wholesale Core Equity Fund. The Nikko AM Core Equity Fund (retail) invests 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 2.9%, in line with the index return.
- EBOS announced a AU\$250m capital raising to fund two recent acquisitions.
- Overweight positions in Infratil and ResMed and an underweight position in Skellerup added value.
- Overweight positions in Ryman Healthcare and Worley and an underweight position in Genesis Energy detracted from value.

Performance

	One month	Three months	One year	Three years (p.a.)	Five years (p.a.)	Ten years (p.a.)
Wholesale¹	-2.92%	-9.40%	-1.19%	1.52%	4.17%	9.35%
Benchmark²	-2.99%	-8.17%	0.29%	0.88%	3.25%	8.48%
Retail³	-2.96%	-9.51%	-2.05%	0.59%	3.25%	8.17%

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

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

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

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.



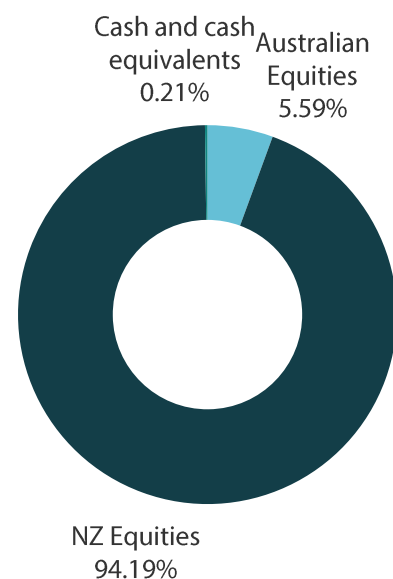
Overview

The Core Equity strategy seeks growth opportunities by investing in New Zealand and Australian equity markets. Our local equity portfolio management team hand-pick stocks that they believe have potential for growth of income and capital.

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



Attribution To Performance			
What Helped:		What Hurt:	
Infratil	OW	Ryman Healthcare	OW
RESMED	OW	Worley	OW
Skellerup	UW	Genesis	UW

OW: overweight; UW: underweight; NH: no holdings

Top 10 Holdings (% of fund)			
Fisher & Paykel Healthcare	16.71	The A2 Milk	5.05
Infratil Limited	10.18	EBOS Group	4.63
Auckland International Airport Ltd	9.75	Spark New Zealand	4.50
Contact Energy Limited	7.68	Mainfreight Limited	4.21
Meridian Energy Ltd NPV	6.54	Summerset Group	3.97

Sector Allocation (% of fund)	Fund	Benchmark
Health care	29.38	25.64
Industrials	18.44	21.89
Utilities	16.60	16.93
Financials	10.45	11.06
Communicaitons services	8.53	6.34
Consumer staples	5.93	6.47
Real estate	4.68	7.15
Information technology	2.23	1.92
Consumer discretionary	2.01	1.60
Energy	1.54	0.56
Cash and cash equivalents	0.21	0.00
Materials	0.00	0.42
Number of holdings	35	50

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 relative return were overweight positions in **Infratil** (IFT) and **ResMed** (RMD) and an underweight position in **Skellerup** (SKL). Following a tough few months on the back of weakness in data centre related stocks, IFT bounced back and produced a 1.6% return. While not a large positive return, in the face of the NZX 50 index being down 3.0% the fund's IFT position added value. 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. SKL has material sales in the United States with products manufactured in China and other countries with large tariff impacts. This led to SKL falling 11.3% over the period.

The largest negative contributors to relative return were from overweight positions in **Ryman Healthcare** (RYM) and **Worley** (WOR) and an underweight position in **Genesis Energy** (GNE). 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%. 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). With hydro lake levels low, GNE is well positioned to benefit if it remains dry through its reliable coal generated electricity generation. With this back drop, GNE produced a good return over the month, up 2.1%.

Key portfolio changes during the month included adding to our positions in **Auckland International Airport** (AIA), **EBOS** (EBO), **Contact Energy** (CEN), **Kiwi Property** (KPG), **Stride Property** (SPG) and **Fisher & Paykel Healthcare** (FPH). Positions in **A2 Milk** (ATM), **Heartland Bank** (GHG) and **Mercury Energy** (MCY) were reduced. (**Bold** denotes stocks held in the portfolio).

Key Fund Facts

Estimated annual fund charges (incl. GST)		Exclusions:	Controversial weapons (including but not limited to cluster munitions and chemical, biological and nuclear weapons).	Strategy Launch:	October 2007
Wholesale:	Negotiated outside of the unit price.			Strategy size:	\$265.5m
Retail:	0.95%, refer to PDS for more details.				
Distributions		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%
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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