

# Nikko AM Global Equity Multi-Manager Unhedged Strategy

Monthly Update 30 June 2025

Assets are held in the Nikko AM NZ Wholesale Global Equity Unhedged Fund. The Nikko AM Global Equity Multi-Manager Unhedged Fund (retail) invest in units in the wholesale fund, which the commentary refers to.

## Market Overview

- Global equity markets experienced heightened volatility over the second quarter of 2025, characterized by significant policy-driven disruptions and a shift in sector leadership.
- The S&P 500 index closed the quarter at a new record high of 6,204 while the Nasdaq Composite index also closed at an all-time high of 20,369.
- In terms of style performance, growth stocks (9.5%) significantly outperformed value stocks (-1.0%), driven largely by information technology and communications services sectors.
- Regarding regional performance, Europe ex-UK gained 5.2%, emerging markets returned 4.7%, US equities gained 3.9% and UK equities (which tend to have a value-bias) returned 1.4%.

## Fund Highlights

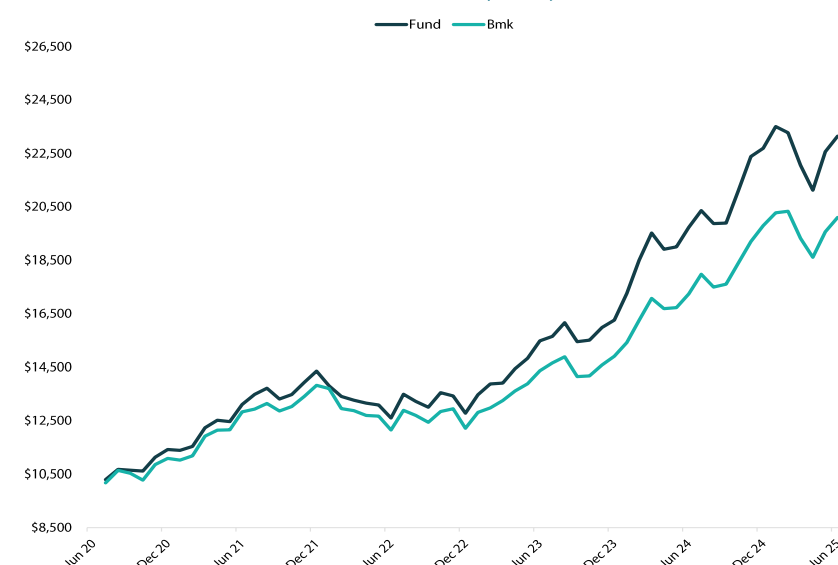
- WCM delivered an outstanding return of 11.16% over the quarter, outperforming the index by over 7%. The other growth manager, NAME, also shined with a return of 6.36%, to outperform by just over 2%.
- At the individual security level, the fund benefitted most from overweights to Microsoft, Robinhood Markets, Siemens Energy and AppLovin Corp, which all had very strong returns, as well as an underweight exposure to Apple, which fell more than 10% over the quarter.

## 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>	2.57%	4.94%	17.28%	22.46%	18.27%	14.15%
<b>Benchmark<sup>2</sup></b>	2.77%	4.05%	16.61%	18.29%	14.99%	11.19%
<b>Retail<sup>3</sup></b>	2.20%	4.54%	15.30%	20.20%	16.93%	12.88%

- Returns are before tax and before the deduction of fees and including tax credits (if any). Based on actual calendar periods.
- Benchmark: MSCI All Countries World Index (net dividends reinvested), in NZD terms. 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<sup>1,2</sup>



## Investment Manager

The multi-manager global equity strategy is managed by Yarra Capital Management's (YCM) multi-strategy team based in Sydney and Melbourne. This team provides advice and input to the Nikko AM NZ Investment Committee which is responsible for the ongoing selection, monitoring and review of the underlying investment managers. The Nikko AM NZ Investment Committee comprises senior members from the business and is chaired by the Managing Director, Stuart Willams.

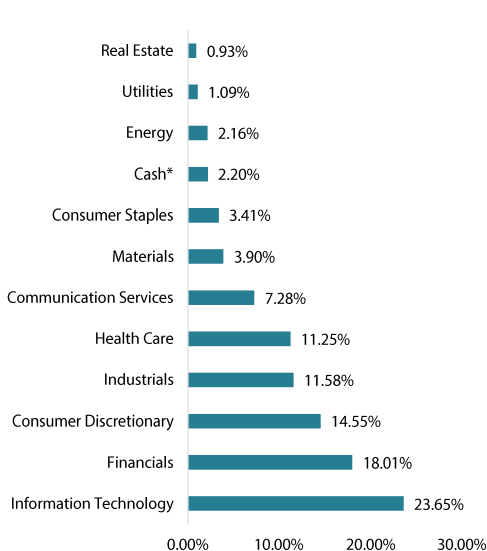
## Overview

This fund aims to provide investors with long term growth from an actively managed investment portfolio selected from global equity markets. Currency exposures created as a consequence of global equity investment are unhedged.

## 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



Top 10 Holdings	% of Fund	Country
Microsoft Corp	6.57	United States
Amazon.com	5.11	United States
NVIDIA Corp	4.90	United States
Taiwan Semiconductor	3.04	Taiwan
Meta Platforms	2.41	United States
Apple Inc.	1.83	United States
Visa Inc.	1.73	United States
Safran SA	1.41	France
AppLovin Corp	1.40	United States
Progressive Corp	1.37	United States

Manager	Allocation	Added Value	
Royal London (Core)	28.21%	-2.19%	
JP Morgan (Core)	31.28%	-1.07%	
NAME (Quality Growth)	19.25%	2.31%	
WCM (Growth)	20.79%	7.11%	
Based on unhedged performance. Investment style in brackets. Cash not shown			
What helped		What hurt	
Microsoft Corp	OW	UnitedHealth Group	OW
Apple Inc.	UW	Moet Hennessy Louis Vuitton	OW
Robinhood Markets	OW	Progressive Corp	OW
OW: overweight; UW: underweight; NH: no holding – month end position			

## Market Commentary

Global equity markets experienced heightened volatility over the second quarter of 2025, characterised by significant policy-driven disruptions and a shift in sector leadership. The quarter began with a sharp sell-off after U.S. President Donald Trump announced a substantial and wide-ranging package of import duties on April 2, reigniting recession fears and increasing policy uncertainty. Early April marked the low point, however, global equities rebounded sharply by the end of that month and continued to gain ground throughout May and June. In terms of style performance, growth stocks (9.5%) significantly outperformed value stocks (-1.0%), driven largely by information technology and communications services sectors, which gained 15.1% and 10.0% respectively. Meanwhile the defensive / value-oriented healthcare and energy sectors both fell 10% over the quarter. Regarding regional performance, Europe ex-UK gained 5.2%, emerging markets returned 4.7%, US equities gained 3.9% and UK equities (which tend to have a value-bias) returned 1.4%. It's worth noting that the S&P 500 index closed the quarter at a new record high of 6,204 while the Nasdaq Composite index also closed at an all-time high of 20,369.

## Fund Commentary

WCM delivered an outstanding return of 11.16% over the quarter, outperforming the index by over 7%. The other growth manager, NAME, also shined with a return of 6.36%, to outperform by just over 2%. The two core managers, JP Morgan and Royal London, had a more challenging quarter, posting returns of 2.87% and 1.86% respectively.

Stock selection was particularly strong in the information technology, industrials and communication services sectors, while underweights to the poor performing energy and consumer staples sectors also added value. The key detractors from performance were financials and consumer staples sectors as well as an overweight to the poor performing healthcare sector.

At the individual security level, the fund benefitted most from overweights to Microsoft, Robinhood Markets, Siemens Energy and AppLovin Corp, which all had very strong returns, as well as an underweight exposure to Apple, which fell more than 10% over the quarter. Despite reporting strong financial results, Apple was negatively influenced by tariff impacts, geopolitical tensions, lower-than-expected demand for the iPhone 17, Apple's perceived lack in AI development and ongoing legal disputes (e.g. the antitrust case with Epic Games over App Store fees). The financial services and online broking platform Robinhood Markets was the highlight over the quarter with an extraordinary return of 110%. A key driver of this remarkable performance was Robinhood's decision to launch the tokenization of US stocks and ETFs in the European Union (EU).

The fund's key detractors from performance over the quarter were overweights to poor performing names such as UnitedHealth Group, LVMH, Progressive Corp, Brown & Brown and Tyson Foods. UnitedHealth's sharp decline was driven by a combination of leadership changes, operational challenges, regulatory pressures, and strategic refocusing. The world's largest luxury goods company, LVMH, struggled on account of lower revenue in its Fashion & Leather Goods segment during Q1-2025, attributed to reduced consumer spending in China. Insurance stocks such as Progressive Corp and Brown & Brown were particularly weak over the quarter – as many of those names have been big winners in 2024, with investors opting to realise profits and shift their allocations towards the technology sector.

## Key Fund Facts

<b>Estimated annual fund charges (incl. GST)</b>	
<b>Wholesale:</b>	Negotiated outside of the unit price.
<b>Retail:</b>	1.42%, refer to PDS for more details.
<b>Hedging:</b>	Any foreign currency exposure is unhedged.

<b>Distributions:</b>	Generally does not distribute
<b>Exclusions:</b>	Any security that conducts activities listed on the Schedule to the Cluster Munitions Prohibition Act 2009. Investment prohibited in tobacco manufacturers

<b>Strategy Launch:</b>	October 2008
<b>Strategy size:</b>	\$567.9m
<b>Buy / Sell spread:</b>	0.07%/0.07%

## Compliance

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

## Contact Us

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