

# Nikko AM Global Equity Multi-Manager Unhedged Strategy

Monthly Update 31 March 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

- The MSCI All Countries World Index declined 2.39% (NZD, unhedged) over the first quarter of 2025. March was a particularly weak month, with a return of -4.97%.
- The Trump administration's plans to impose significant tariffs on imports, including aluminium, steel, automobiles, and all goods from China, introduced substantial market volatility.
- The initial excitement surrounding artificial intelligence (AI) technologies began to wane, particularly in the US market.
- The energy sector was the top performer followed by utilities and financials sectors. The information technology sector was by far the worst performer.

## Fund Highlights

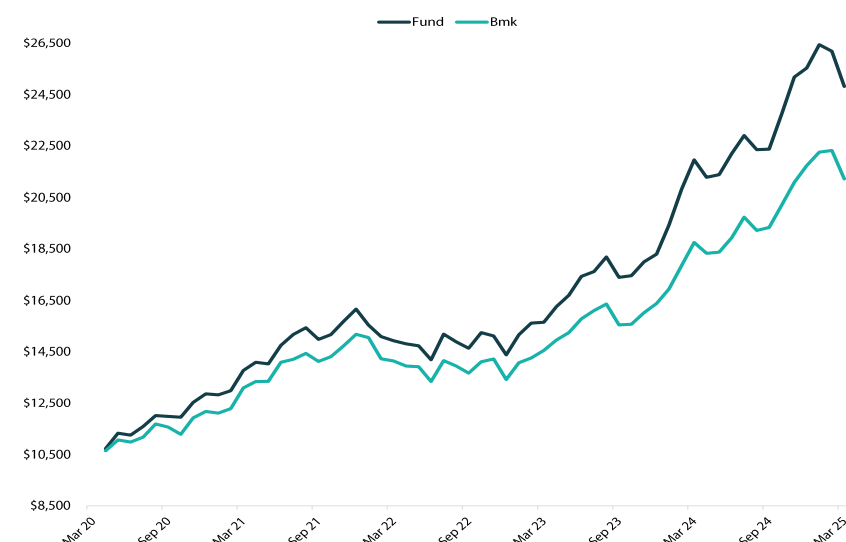
- The fund had a return of -2.81% over the first quarter, underperforming the global equity index (MSCI ACWI) return of -2.39%.
- While Royal London delivered a strong performance with 108 bps of outperformance, the other three managers were less successful during the quarter.
- The fund benefitted from having no exposure to Tesla Inc. and an underweight position in Apple Inc., as the share price of both companies experienced significant falls. The other top contributors to relative performance were overweights in Saab AB, Safran SA and Progressive Corp, all of which outperformed.

## 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>	-5.24%	-2.81%	13.00%	18.47%	19.93%	14.92%
<b>Benchmark<sup>2</sup></b>	-4.97%	-2.39%	13.17%	14.49%	16.23%	11.94%
<b>Retail<sup>3</sup></b>	-4.75%	-2.87%	11.43%	16.35%	18.56%	13.53%

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.

## 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.

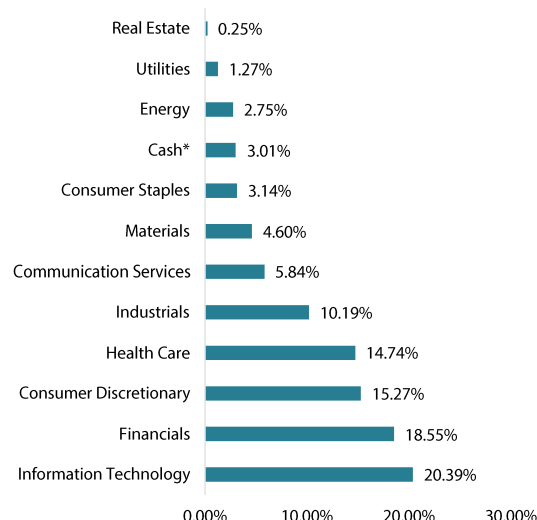
## Overview

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	5.32	United States
Amazon.com	4.97	United States
NVIDIA Corp	3.75	United States
Taiwan Semiconductor mfg.	2.72	Taiwan
UnitedHealth Group	2.29	United States
Meta Platforms Inc	2.25	United States
Visa Inc.	2.02	United States
Linde plc	1.81	United States
Safran SA	1.74	France
Progressive Corp	1.70	United States

Manager	Allocation	Active Return
Royal London (Core)	28.4%	1.08%
JP Morgan (Core)	31.9%	-2.24%
NAME (Quality Growth)	19.0%	-0.15%
WCM (Growth)	19.7%	-1.45%
Based on unhedged performance. Investment style in brackets. Cash not shown		
What helped		What hurt
Saab AB	OW	Amazon.com
Apple Inc.	UW	Taiwan Semiconductor mfg.
Tesla, Inc.	UW	AppLovin Corp.
OW: overweight; UW: underweight; NH: no holding – month end position		

## Market Commentary

The MSCI All Countries World Index declined 2.39% (NZD, unhedged) over the first quarter of 2025. March was particularly weak month, with a return of -4.97%, driven by notable shifts influenced by several key factors. The Trump administration's plans to impose significant tariffs on imports, including aluminium, steel, automobiles, and all goods from China, introduced substantial market volatility. The initial excitement surrounding artificial intelligence (AI) technologies began to wane, particularly in the US market. This shift was attributed to the unwinding of the AI-driven growth theme. European equities emerged as a bright spot, driven by attractive valuations, fiscal stimulus measures, and a rotation away from US growth stocks. In terms of style and sector performance over the quarter, Value significantly outperformed Growth. The energy sector was the top performer, rising by 8%, closely followed by strong gains of more than 5% in the utilities and financials sectors. The information technology sector was by far the worst performer, with a return of -13%, while the related communication services and consumer discretionary sectors also ended the quarter in the red.

## Fund Commentary

The fund had a return of -2.81% over the first quarter, underperforming the global equity index (MSCI ACWI) return of -2.39%. While Royal London delivered a strong performance, the other three managers were less successful during the quarter. WCM and JP Morgan both underperformed the index while NAM Europe was slightly behind. In terms of individual performance drivers over the first quarter, the fund benefitted from having no exposure to Tesla Inc. and an underweight position in Apple Inc., as the share price of both companies experienced significant falls. The other top contributors to relative performance were overweights in Saab AB, Safran SA and Progressive Corp, all of which outperformed. Aerospace and Defence companies performed particularly well over the quarter, driven by a significant push among European nations to boost defence budgets in response to shifting US foreign policy dynamics. The fund benefitted from this theme through its positions in Saab AB, the Swedish maker of advanced military systems, and Safran SA, the French aircraft parts manufacturer. Although the share price of the US insurance company Progressive Corp made little progress during the volatile month of March, it experienced substantial gains in January and February on the back of impressive financial results and robust growth in policies in force across personal and commercial lines. The fund's overweight exposure to several technology-related names (e.g. Amazon.com, Taiwan Semiconductor, AppLovin and Microsoft) was a key detractor from performance over the quarter. Part of the weakness in Amazon's share price was related to competitive pressures from peers such as Chinese startup DeepSeek's efficient artificial intelligence (AI) model. In addition, Amazon's plan to spend over US\$100 billion on capital expenditures in 2025, with a significant focus on AI, contributed to investor unease. This unease was also evident in the performance of Taiwan Semiconductor, where investors appear to be concerned about the company's commitment to a US\$100 billion investment in US manufacturing operations. The mobile marketing platform business AppLovin was another key detractor from performance, after a few short-seller reports generated eye-catching headlines and investor angst. WCM's opinion is that a significant amount of misinformation is being circulated that is inconsistent with their own findings. They have found no clear evidence that invalidates their investment thesis but will continue to conduct checks and test their own assumptions as new information arises.

## 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>	\$540.2m
<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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