

Nikko AM Global Shares Unhedged Strategy

Monthly Update 30 April 2025

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

Market Overview

- Markets were volatile in April as the implications of US trade policy impacted stocks, bonds, and currencies. Nasdaq 100 fell more than 15% in three days, only for Trump to announce a 90-day reprieve and for markets to recover.
- Global developed markets ended the month up 0.9% (in USD terms).
- Growth stocks outperformed their value counterparts, as both the energy and healthcare sectors underperformed.

Fund Highlights

- The fund outperformed its benchmark by 0.73% for the month – albeit the fund and benchmark returns were negative.
- Positive contributors to performance included Netflix, Encompass Health and HDFC Bank.
- Negative contributors to performance were Bio-Techne Corp, Samsonite Group, Ryan Specialty Holdings.

Performance

	One month	Three months	One year	Three years (p.a.)	Five years (p.a.)	Ten years (p.a.)
Wholesale¹	-2.95%	-7.73%	16.05%	14.41%	14.89%	
Benchmark²	-3.68%	-8.20%	11.52%	13.61%	13.95%	
Retail³	-3.07%	-8.61%	13.76%	12.04%	13.05%	
KiwiSaver³	-3.13%	-8.69%	13.65%	12.04%	13.11%	

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.

Investment Manager

The Global Shares Strategy is managed by Nikko AM's Global Equity team that is based in Edinburgh, Scotland. With over 20 years average experience, team members have dual roles of portfolio manager and analyst responsibility and work together on an equal basis to construct client portfolios. This flat investment structure and investment process has been in place since the team's foundation.

Overview

The fund provides investors with a relatively concentrated actively managed portfolio of global equities to achieve long term capital growth.

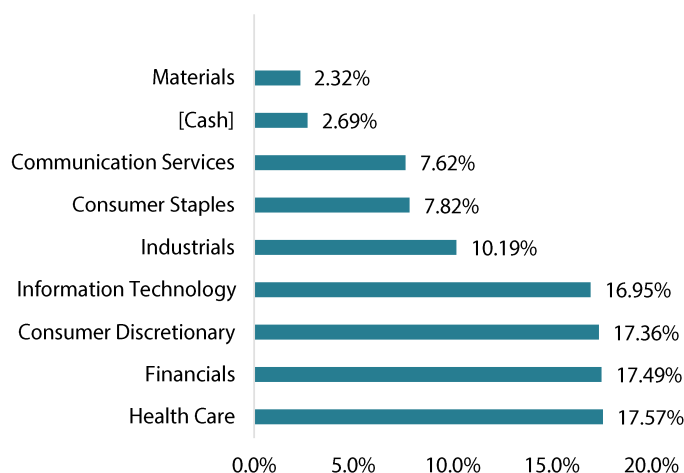
Objective

The fund aims to outperform the benchmark return by 3% per annum before fees, expenses and taxes over a rolling three-year period.

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



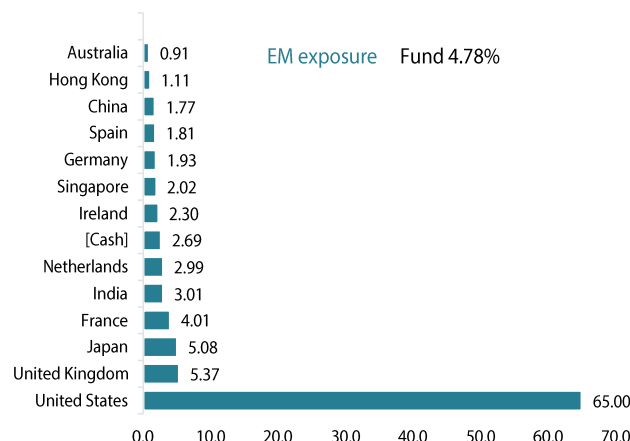
Sector Allocation (Includes cash in NZ PIE)



Top 10 Holdings

	% of Fund	Country
Microsoft Corp	5.19	United States
Nvidia Corp	4.18	United States
Amazon Com Inc	4.17	United States
Netflix Inc	3.80	United States
Meta Platforms Inc	3.73	United States
Sony Corp Y50	3.30	Japan
HDFC Bank Ltd	2.97	India
Coca-Cola Europacific Partners	2.95	United Kingdom
Cencora Inc Com	2.83	United States
Intercontinental Exchange Inc	2.75	United States

Geographical Allocation (Includes cash in NZ PIE)



Market Commentary

Markets were volatile in April as the implications of US trade policy impacted stocks, bonds, and currencies. The month started with US President Trump's 'Liberation Day' and tariffs at levels not experienced for almost one hundred years. Volatility spiked and equity markets sold off – the Nasdaq 100 fell more than 15% in three days – only for Trump to announce a 90-day reprieve and for markets to recover. As demonstrated by recent company results, management teams struggled to calculate the impact, with many reluctant to materially change guidance on the basis that everything might change tomorrow.

While hard data still suggests things are okay, the soft indicators in the US and to a degree further afield suggest we are heading into, at best, a soft patch. Discretionary spending is slowing, and cash is being protected. Stability and clarity are what management teams crave, and while that is currently in short supply, a slowdown in economic activity will ensue. The fund's investments are largely insulated from the 'first-degree' impact of tariffs. But it's the secondary impact that concerns us – implications for the US dollar, US risk premiums, and possible retaliation – in a huge geopolitical game of bluff. We are focusing on companies with the ability to raise pricing and take market share that should continue to drive outperformance, while investing in companies with strong balance sheets is also an important Future Quality pillar – and might be called into question in the coming months.

Fund Commentary

Contributors: Netflix, Inc - driven by the release of highly anticipated content such as "You: Season 5" and "Black Mirror: Season 7". The company's strategic content investments and strong viewership metrics have reinforced its market position, while a stable operating environment and increasing management confidence have helped drive the share price higher. **Encompass Health Corporation** reported a robust 10.6% increase in revenue and a 14.9% rise in adjusted EBITDA for Q1 2025, driven by favorable occupancy rates and strategic expansion efforts. **HDFC Bank Limited** posted a 6.7% year-on-year increase in net profit and a 10.3% rise in net interest income for Q4 FY25. Shares in the bank underperformed in 2024 while management executed the merger. The bank's strong financial health, efficient asset management, and stable asset quality are now being rewarded by investors looking for exposure in India.

Detractors: Bio-Techne Corporation - concerns over reduced funding from the National Institutes of Health (NIH) impacted the biotechnology sector broadly. We believe the life sciences research spending market remains an area of the highest national security, and as uncertainty clears and confidence returns, Bio-Techne's differentiated business profile will allow it to enjoy outsized organic revenue growth and margin expansion. None of this is reflected in the current valuation. **Samsonite Group S.A** - uncertainty impacted travel markets and discretionary spending. **Ryan Specialty Holdings, Inc** - soft market in the professional and executive liability insurance sector. Despite reporting strong revenue growth in 2024, the company's Q1 2025 results were impacted by higher income tax and interest expenses, which weighed on net income.

Key Fund Facts

Estimated annual fund charges		Distributions:	Generally does not distribute	Strategy Launch:	July 2017
Wholesale:	Negotiated outside of the unit price.	Exclusions:	Controversial weapons. Tobacco manufacturers.	Strategy size:	\$601.2m
Retail:	1.20%, refer to PDS for more details.	Restrictions:	Adult entertainment, gambling, fossil fuels, alcohol stocks. For more information, please refer to the Statement of Investment Policy and Objectives (SIPO) on our website nikkoam.co.nz/invest/retail .	Buy / Sell spread:	0.07%/0.07%
KiwiSaver:	1.35% refer to PDS for more details.				

Compliance

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

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