

Factsheet 30 April 2023

NIKKO AM CONCENTRATED EQUITY STRATEGY

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 continued their strong start to the year with all key indices moving higher apart from the Chinese market.
- The United States S&P 500 index rose 1.5%, the Japanese Nikkei 225 index added 2.9%, the UK FTSE 100 index gained 3.1% the Australian ASX 200 index increased 1.9% and the MSCI World index ended the month up 1.4%.
- The S&P/NZX 50 index ended the month up 1.1%.

Fund Highlights

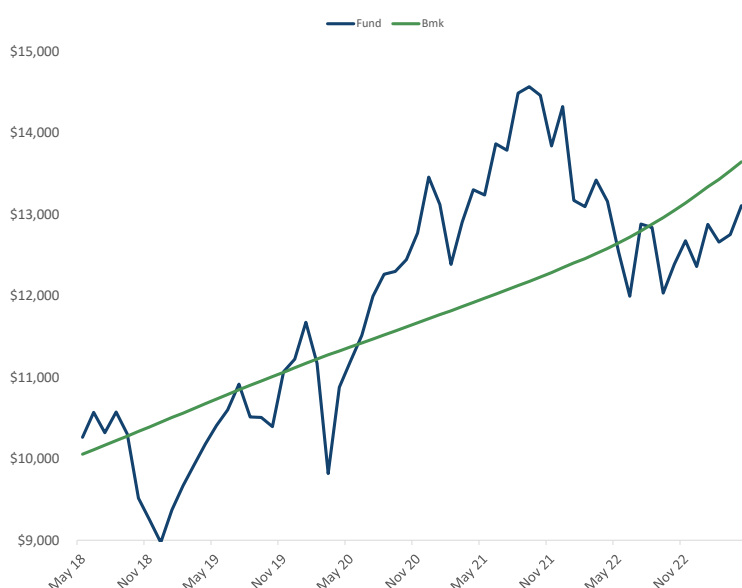
- The fund ended the month up 2.8%.
- It was a quiet month for news flow ahead of May when a number of the fund's holdings will report results for the period ending March.
- The long running takeover offer for Pushpay has concluded with the second vote getting over the line that will see Pushpay delist in May.
- Positions in Ingenia Communities, Infratil and NextDC contributed to performance.
- Positions in Summerset, Ramsay Healthcare and A2 Milk detracted from performance.

Performance

	One month	Three months	One year	Three years (p.a)	Five years (p.a)	Ten years (p.a)
Wholesale ¹	2.79%	1.79%	-0.39%	6.41%	5.56%	12.35%
Benchmark ²	0.80%	2.30%	8.44%	6.41%	6.41%	6.95%
Retail ³	2.70%	1.53%	-1.46%	4.69%	4.09%	10.06%
S&P/NZX 50 ⁴	1.14%	0.73%	2.01%	5.25%	8.18%	11.18%

1. Returns are before tax and before the deduction of fees.
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

Stuart Williams is Managing Director and Portfolio Manager at Nikko AM New Zealand, he joined in 2014. He has over 20 years' experience across all aspects of investment management. Stuart has extensive experience in conducting detailed research and developing investment recommendations on listed companies in both New Zealand and Australia. He holds a Bachelor of Commerce degree from the University of Auckland and is a Chartered Accountant.



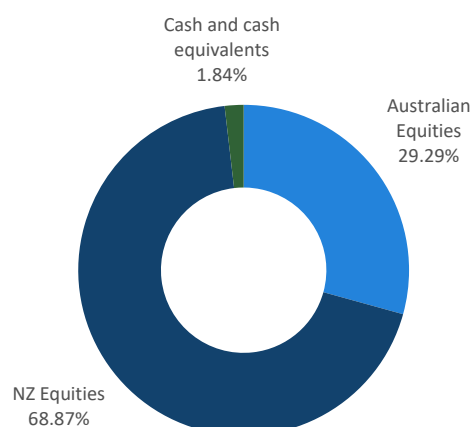
Overview

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 (month)	
What Helped:	What Hurt:
Ingenia Communities	Summerset Group
NEXTDC Ltd	Ramsay Healthcare
Infratil Ltd	A2 Milk

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

Top 10 Holdings (% of fund)			
Spark New Zealand Ltd	11.60	NEXTDEC Ltd	6.98
Infratil Limited	10.65	Ingenia Communities Group	6.33
Contact Energy Limited	10.50	Aristocrat Leisure Ltd	6.12
Fisher & Paykel Healthcare	10.29	Mainfreight Limited	4.93
PushPay Holdings	9.48	Waypoint REIT	4.67
Number of holdings			17

Market Commentary

Global equity markets continued their strong start to the year with all key indices moving higher apart from the Chinese market. Markets are forward looking and while they are pricing in rate hikes from most central banks in the near term, by the end of the year rate cuts are being priced in. This, along with a good reporting season from in the United States has supported equity markets. Inflation globally has been drifting down albeit it remains at very elevated levels. New Zealand inflation for the March quarter came in lower than expected at 6.7% but non-tradable inflation was 6.8%, the highest since the series began in 1999. The New Zealand Reserve Bank surprised the market by hiking the Official Cash Rate by 0.5% compared to expectations of a 0.25% increase.

Fund Commentary

The fund ended the month up 2.8%. The largest positive contributors to performance over the month were positions in **Ingenia Communities** (INA), **Infratil** (IFT) and **NextDC** (NXT). With Australian residential house prices and volumes appearing to have bottomed and strong migration, residential exposed stocks performed well over the month. On the back of this INA rose 13.3% (in AUD). While there was no specific news for IFT during April, it held an investor day late in March and ended April up 3.8%. NXT announced a large new contract which saw the stock up 9.8% (in AUD). The largest detractors to performance were positions in **Summerset** (SUM), **Ramsay Healthcare** (RHC) and **A2 Milk** (ATM). SUM fell 7.5% after announcing its first quarter sales which were relatively soft. SUM’s unit delivery was low for the quarter at only 57 but confirmed it is on track to deliver 625 – 675 over the year. Following a large downgrade by ATM supplier Synlait Milk (SML), ATM announced its sales growth would be at the low end of its guidance and ended the month down 5.5%. RHC drifted 2.8% lower on no specific news.

There were no material changes to the portfolio over the month. (**Bold** denotes stocks held in the portfolio).

Key Fund Facts

Distributions	Estimated annual fund charges (incl. GST)	Strategy size
Wholesale fund: Calendar quarter	Wholesale: negotiated outside of fund	\$72.3m
Retail fund: March and September	Retail: 1.15%, refer PDS for more details	
Hedging	Buy / Sell spread: 0.29% / 0.29%	Strategy Launch
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.	Performance fee	August 2006
Exclusions Controversial weapons (including by not limited to cluster munitions and chemical, biological and nuclear weapons).	10% on gains above benchmark over 12-month period after fees and expenses. High water mark applies.	
Restrictions Tobacco stocks, , fossil fuels. For more information, please refer to the Statement of Investment Policy and Objectives (SIPO) which can be found on our website https://www.nikkoam.co.nz/invest/retail .		

Compliance

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

Contact Us

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