FACTSHEET 30 JUNE 2023

NIKKO AM GLOBAL SHARES UNHEDGED STRATEGY

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

Market Overview

- Equity markets have enjoyed a strong second quarter, posting gains of more than 8% (in NZD terms).
- The AI revolution and Information Technology sector lead the market.
- The economic picture is continuing to look less encouraging in other parts of the world.
- China has continued to deliver weaker than expected economic performance.

Fund Highlights

- The fund posted a solid return for the quarter, but slightly behind its benchmark.
- Positive attributors – Tenet Healthcare Corporation, Encompass Health Corporation, Microsoft Corporation.
- Negative attributors – Samsonite International S.A, Masimo Corporation, Progressive corporation.

Performance

	One month	Three months	One year	Three years (p.a)	Five years (p.a)
Wholesale[1]	2.96%	8.03%	13.65%	11.90%	12.26%
Benchmark[2]	3.51%	8.43%	18.26%	12.84%	10.28%
Retail[3]	2.96%	8.68%	11.17%	10.80%	10.84%
KiwiSaver[3]	2.96%	8.74%	11.26%	10.90%	11.28%

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

Since Inception Cumulative Performance (gross), $10,000 invested[1,2]

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.

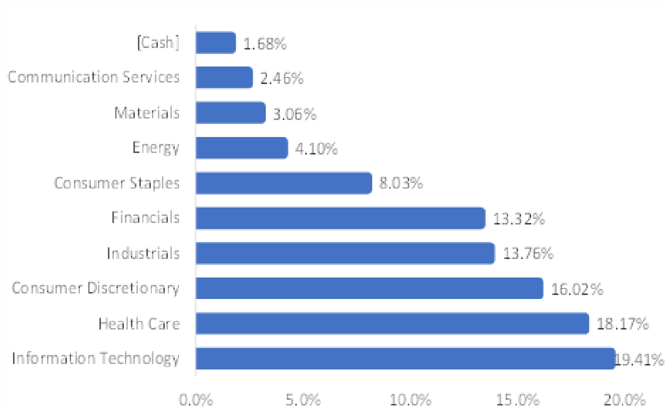
Overview

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.

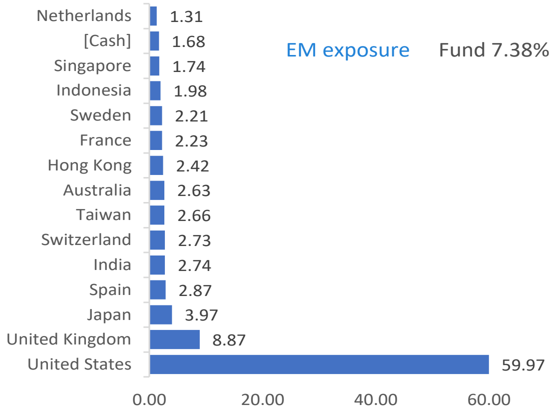
Sector Allocation



Top 10 Holdings

Security name	% of Fund	Country
Microsoft Corp	6.93%	United States
Accenture Plc	3.30%	Ireland
Linde Plc	3.05%	Ireland
Compass Group	3.03%	United Kingdom
Kbr Inc	3.01%	United States
Haleon Plc	2.87%	United Kingdom
Amadeus It Hldgs	2.86%	Spain
HDFC Bank Ltd	2.73%	India
Nestle	2.72%	Switzerland
Schlumberger Ltd	2.70%	United States

Geographical Allocation



EM exposure Fund 7.38%

Market Commentary

Equity markets have enjoyed a strong second quarter (8%). Half of this move higher has been attributable to the fear of missing out on the AI revolution. The other half has come mostly from other cyclical sectors, as US economic data has cooled in a relatively controlled manner – fuelling hopes that the Federal Reserve may yet engineer a soft landing in the world's biggest economy. Investors have reacted positively to resilient economic data in the US. Gauges of US consumer confidence came in comfortably ahead of economists' expectations towards quarter end. The resilience of the US labour market and the continued drop off in inflation are clearly making US consumers feel better about life at present. Better-than-expected retail sales (excluding autos & gas) and home sales both evidenced this positivity. The economic picture is continuing to look less encouraging in other parts of the world. China has continued to deliver weaker than expected economic performance and expectations (or hopes) for material economic stimulus from the Central Government have yet to be delivered. Defensive sectors all underperformed this quarter, with Utilities, Consumer Staples and Healthcare all failing to keep pace with the market. Commodity sectors (Energy and Materials) also underperformed, on concerns over economic growth in China. The economic performance noted above was broadly reflected in regional equity market performance this quarter, with the US leading the way and Europe and GEM Asia underperforming. Japan also marginally outperformed over the quarter, despite seeing some profit taking in June.

Fund Commentary

The second quarter of 2023 has seen our portfolios deliver returns close to the benchmark, but it has not felt much more comfortable than the 1st quarter, where the portfolio substantially underperformed. Many of the themes that shaped Q1 have persisted – notably the perceived relative defensiveness of 'Big Tech' and the fear of missing out on the boom in spending on Artificial Intelligence. Our focus is trying to position the portfolio correctly for what may or may not develop in the world of AI. We are continuously monitoring our investments that have performed well and where valuations are beginning to look more stretched as a result. We are also regularly engaging with the management teams of those companies where the investment case has not delivered the expected returns.

Positives: Tenet Healthcare Corporation outperformed this quarter on the back of positive Q1 results, which were driven by favourable trends in healthcare services. Surgery volumes were up significantly in hospitals and ambulatory surgery centres. Encompass Health Corporation shares climbed sharply in April after the US Government Agency responsible for healthcare reimbursement (CMS) confirmed that it was not going to pursue reforms that would have curtailed the allowable length of stay at Encompass's Inpatient Rehabilitation Facilities. The fear of this potential reform had seen the stock underperform earlier in the year, despite robust trading conditions. Microsoft Corporation shares climbed following better-than-expected quarterly results, delivering strong performance in both Cloud and Professional businesses. Management sounded confident about the outlook on the earnings call and demand for AI infrastructure is already proving to be a growth tailwind.

Negatives: Samsonite International S.A. gave up Q1's gains despite releasing a strong trading update. The catalysts for the sell-off in May were cautious commentary from some luxury goods companies about emerging weakness in US travel-related demand, as well as investor concerns about the health of China's economic recovery. Masimo Corporation also underperformed over the quarter – driven by a weak May. The ongoing litigation with Apple also failed to deliver a positive outcome that month, with the first US trial ending in a mis-trial and a new date yet to be set for the retrial. Progressive Corporation fell sharply in April, re-tracing from its all-time high following lacklustre monthly numbers. Growth remained strong but costs were higher.

Key Fund Facts

Distributions: Generally does not distribute

Exclusions: Controversial weapons. Tobacco manufacturers.

Restrictions Adult entertainment, gambling, fossil fuels, alcohol stocks. 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.

Estimated annual fund charges

Wholesale: negotiated outside of the unit price
Retail 1.20%, refer to PDS for more details
KiwiSaver 1.15% refer to PDS for more details

Buy / Sell spread:	Strategy Launch	Strategy size
0.07%/0.07%	July 2017	$568.1m

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

Contact Us www.nikkoam.co.nz | nzenquiries@nikkoam.com