

NIKKO AM AUSTRALIAN SHARE WHOLESALE FUND

Fund Update

Fund Performance (%)

	1 Mth	3 Mths	6 Mths	1 Yr	2 Yrs p.a.	3 Yrs p.a.	4 Yrs p.a.	5 Yrs p.a.	10 Yrs p.a.	15 Yrs p.a.	20 Yrs p.a.	Since Inception p.a.
Fund growth return	-1.12	4.33	14.30	28.87	1.30	-3.25	-2.67	0.95	2.21	-0.05	2.68	3.44
Fund distribution return	2.59	2.73	2.99	4.62	4.81	6.38	7.89	7.67	5.84	6.44	6.49	6.46
Total Fund (net)	1.47	7.06	17.29	33.49	6.10	3.13	5.22	8.62	8.04	6.39	9.18	9.90
Benchmark return	2.26	8.29	12.90	27.80	8.62	9.59	10.43	11.16	9.26	6.92	8.23	9.67
Excess Return	-0.78	-1.23	4.40	5.69	-2.52	-6.46	-5.22	-2.53	-1.22	-0.52	0.94	0.24

Source: Nikko AM. Fund growth return is the change in redemption prices over the period. Fund distribution return equals Total Fund minus fund growth return. Fund net returns are post fees, pre tax using redemption prices and assume reinvestment of distributions. Past performance is not an indicator of future performance. Benchmark: S&P/ASX 200 Accumulation Index. Inception date: March 1995

The Fund underperformed the benchmark over the month.

Key contributors to relative performance:

- **ResMed** outperformed following a product recall by its largest competitor that is likely to see ResMed gain significant market share. In the US, Philips Respironics has recalled all sleep-related devices manufactured since 2009 as well as some of its ventilation products.
- **Iluka Resources** outperformed in June as mineral sands prices continued to strengthen. The stock surged after Rio Tinto suspended its Richard's Bay Minerals operations in South Africa due to rising security issues. Mineral sand product prices are likely to strengthen further as a result.
- Our underweight position in **CSL** contributed to performance. CSL was sold-off following news that US authorities were preventing Mexican plasma donors from crossing the border which will see some disruption to the recovery in CSL's plasma supply.
- Our nil holding in **Newcrest Mining** contributed to performance, with gold equities generally underperforming in June, driven by the sharp sell-off in bullion over the period.
- **IOOF** outperformed after executing the company transforming MLC transaction.

Key detractors from relative performance:

- The nil holding in **Afterpay** detracted from performance. Afterpay strongly outperformed the market as a decline in bond yields supported strong returns for the IT sector.
- **Crown Resorts** underperformed as the negative news from the Victorian Royal Commission weighed on the share price. We continue to place an ESG discount on our Crown valuation for this very risk.
- **Lendlease** underperformed as investors speculated the new CEO would announce restructuring and profits from large development completions would be delayed into FY22.

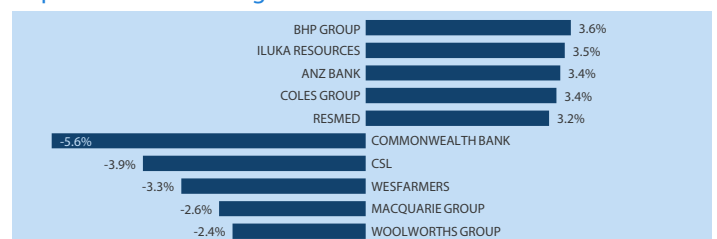
COVID-19 lockdowns also led to poorer investor sentiment towards office and retail property.

- **ANZ** detracted from performance. The bank sector underperformed the market as inflationary expectations lowered and bond yields fell away during the month.
- **SkyCity Entertainment** underperformed as the Victorian Royal Commission into Crown Resorts weighed on the casino sector. While some industry reform is expected, the recent revelations of Anti Money Laundering breaches by Crown appear to be company specific rather than industry wide.

Top 10 Holdings

Security Name	% of Fund
BHP Group	10.60
Westpac Bank	7.52
ANZ Bank	7.34
National Australia Bank	5.60
Coles Group	4.48
ResMed	3.80
Iluka Resources	3.71
QBE Insurance	3.49
Aristocrat Leisure	3.37
Oil Search	3.35

Top 5 Over/Underweight Positions



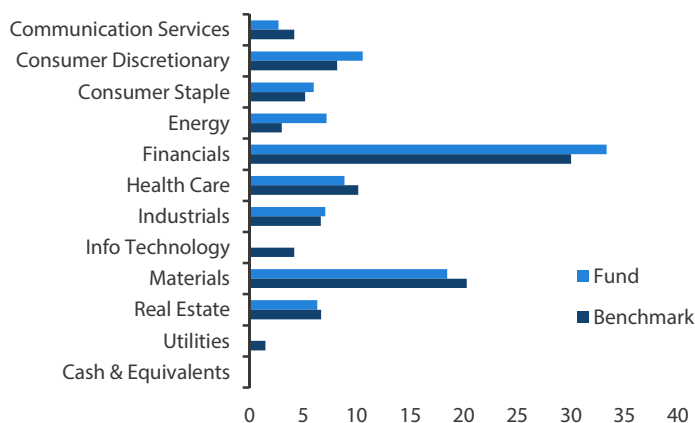
Fund Metrics

	Price to Earnings Ratio*	Forecast Dividend Yield (%)*
Fund	16.04	4.67
Benchmark	17.76	3.94

Actual figures may vary. Forecasts are 12 months forward.

* Based on Broker Consensus forecast.

Sector Exposure (%)



Market Commentary

The S&P/ASX 200 Accumulation Index returned 2.3% during the month. Australian equities outperformed in June on the back of favourable economic data and commodity prices remaining elevated. In major global developed markets the US S&P 500 was up 2.3%, the DJ Euro Stoxx 50 was up 0.7% and the UK's FTSE 100 was up 0.4%. Japan's Nikkei 225 was the laggard, down 0.1% (in local currency terms).

Monetary policy settings remained unchanged in June, as the Reserve Bank of Australia (RBA) maintained both the cash rate and 3 year yield target at 0.10%. The RBA also indicated it will maintain the parameters of the government bond purchase program.

Domestic economic data releases in June were mostly upbeat. March 2021 GDP was up 1.8%, which exceeded expectations, while the annual growth rate was 1.1%. Employment rose by 115,200 positions in May, significantly exceeding market expectations. The unemployment rate fell to 5.1%, the seventh straight monthly fall and lowest rate since February 2020. The NAB Survey of Business Conditions reached another record high of 37 in May. Business confidence however fell slightly, down to 20. Retail sales rose 1.1% in April, which was in line with expectations. National CoreLogic dwelling prices saw another consecutive monthly rise in June, ending the month up 1.9%.

Sector returns were mostly positive in June. The best performing sectors were information technology (13.4%), communication services (5.6%), consumer staples (5.3%) and real estate (4.8%). Consumer discretionary (4.5%), energy (4.0%), utilities (3.5%) and industrials (3.0%) also outperformed the broader index. Health care (2.2%) and materials (0.3%)

underperformed the broader index, while financials (-0.2%) was the worst performing sector.

In stock specific news, it was announced that Endeavour Group will demerge from Woolworths, creating two independent ASX listed entities. The Woolworths board will consider capital management options post the demerger. Seven Group announced it will increase its cash bid for Boral shares after its initial offer in May was turned down by shareholders. To-date Boral management has not expressed an interest in accepting the revised offers.

Fund Objective

The Fund aims to outperform the S&P/ASX 200 Accumulation Index by more than 2.5% p.a. over rolling five-year periods, before fees, expenses and tax.

Key Facts

Responsible Entity

Nikko Asset Management Australia Limited

Buy/Sell Spread

0.25%/0.25%

APIR Code

TYN0028AU

Management Cost

0.80% p.a.

Portfolio Managers

Brad Potter, Jason Kim

Distribution Frequency

Half yearly

Asset Allocation

Australian Shares 80% - 100%
International Shares 0% - 10%
Cash 0% - 10%

Fund Size

AUD 744.41 million

Minimum Investment

AUD 10,000 or platform nominated minimums

Contact Us

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Important Information

This material was prepared and issued by Nikko Asset Management Australia Limited ABN 34 002 542 038, AFSL 229664 (Nikko AM Australia) who is the responsible entity and issuer of units in the Nikko AM Australian Share Wholesale Fund ARSN 090 089 562 (Fund).

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