

# NIKKO AM GLOBAL SHARE FUND

## Fund Update

### Fund Performance

	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years	Since Inception
	(%)	(%)	(%)	(%)	p.a. (%)	p.a. (%)	p.a. (%)	p.a. (%)
Fund growth return	-3.10	-9.34	-10.34	-2.41	11.35	14.05		
Fund distribution return	0.00	0.00	0.00	0.00	0.00	0.01		
Total Fund return (net) <sup>#</sup>	-3.10	-9.34	-10.34	-2.41	11.35	14.06	15.68	8.25
Benchmark*	-2.79	-9.23	-6.60	2.78	9.06	10.58	14.06	7.07
<b>Excess return</b>	<b>-0.31</b>	<b>-0.11</b>	<b>-3.73</b>	<b>-5.19</b>	<b>2.28</b>	<b>3.48</b>	<b>1.63</b>	<b>1.18</b>

Source: BNP Paribas. Fund growth return is the change in redemption prices over the period. Fund distribution return equals total Fund return minus Fund growth total return. Total Fund returns are post fees, pre tax using redemption prices and assume reinvestment of distributions. Past performance is not an indicator of future performance. Inception date: November 1995.

# In July 2015, the Fund was restructured from a global equities multi-manager strategy to gaining this exposure by investing in the Nikko AM Global Equity Fund (Underlying Fund) (a sub-fund of the Nikko AM Global Umbrella Fund which is an open ended investment company registered under Luxembourg law as a societe d'investissement, a capital variable).

\* Benchmark: MSCI All Countries World Index (with net dividends reinvested) expressed in Australian Dollars (unhedged). The Fund gains exposure to global equities by investing in the Nikko AM Global Equity Fund (underlying Fund)1. Prior to 18 August 2016 MSCI All Countries World Ex-Australia Index (with net dividends reinvested) expressed in AUD (unhedged). Prior to 15 July 2015 the Benchmark was the MSCI World ex-Australia Index (with net dividends re-invested) expressed in AUD (unhedged). Prior to 1 October 2005, the index was the MSCI World Index (net dividends reinvested) expressed in AUD (unhedged).

### Performance Commentary

The Fund underperformed the benchmark over the month.

Key contributors to relative performance:

- **Carlisle Companies** outperformed on the back of strong Q1 results. Management has disclosed new segmentation for their Construction division, which provides investors with greater confidence that the company will allocate more capital to these high return segments.
- **Coca-Cola Company** outperformed on the back of extremely strong quarterly results. The company achieved 18% organic revenue growth, of which 11% was volume-led, illustrating robust demand in a sustained inflationary environment.
- **Anthem** continued to outperform following Q1 results which reaffirmed the positive managed care setup for 2022.

Key detractors from relative performance:

- **Sony Group Corp.** underperformed as concerns grew over consumer discretionary spending as costs of living continued to increase. In addition, it is likely that Sony will experience further market share declines in its image sensor business in 2022 amidst competitive pressures.
- **SolarEdge Technology** shares declined on the back of the US Department of Commerce's anti-dumping investigation of solar cell imports from China and Southeast Asian countries. Approximately 85% of US solar cell imports may be liable for anti-dumping tariffs if deemed to be circumventing rules. A decision is expected in August.
- **AdaptHealth** underperformed following an update from Philips regarding its sleep apnea product recall. Philips expanded its Sleep recall program to 5.5 million devices. The update provides a negative read across to AdaptHealth given it is a key distributor of Philip's sleep apnea products.

### Country/ Regional Exposure

Country/Region	Fund %	Benchmark %
United States	72.05	60.70
Japan	2.71	5.40
China	0.00	3.47
United Kingdom	6.12	3.90
Canada	0.00	3.22
Europe ex UK	6.26	12.11
Asia Pacific ex China & Japan	9.90	8.56
Emerging Europe, Middle East, Africa	0.00	1.69
Latin America	0.00	0.95
Cash	2.96	0.00
Total	100.00	100.00

### Top 10 Holdings - Underlying Fund

Company	Fund %	Benchmark %	Country
Microsoft Corp	6.84	3.26	United States
Compass Group plc	3.42	0.06	Britain
Coca-Cola Co	3.39	0.44	United States
Encompass Health Corp	3.26	0.00	United States
Emerson Electric Co	3.21	0.09	United States
Accenture plc	3.18	0.31	United States
Taiwan Semiconductor	3.17	0.74	Taiwan
LHC Group Inc	3.11	0.00	United States
Carlisle Cos Inc	3.04	0.00	United States
Housing Development Finance Corp	2.71	0.08	India

### Market Commentary

The MSCI All Countries World Index returned -2.79% (AUD, unhedged). Despite the strength of the US dollar and some profit taking in industrial metal prices, including copper and aluminium,

commodity sectors continued to fare relatively well this month. Both energy and materials outperformed the broader market. Other cyclical sectors fared less well, however. The consumer discretionary and information technology sectors were particularly weak, along with communication services. Financials and industrials also slightly underperformed. The best performing sector this month was consumer staples, as investors sought out parts of the market with inflation-proof earnings. Defensive sectors generally fared well in April, with utilities, real estate and healthcare all outperforming the broader market.

Regionally speaking, Europe fared relatively well. Whilst the region's economic prospects will probably dim the most in the event of any escalation in the war in Ukraine, a lot of caution was reflected in equity valuations already, heading into April. European indices also have a relatively high exposure to commodities, with energy and materials contributing to approximately 14% of the region's benchmark (versus 6% in the US). The US underperformed, dragged lower by its high exposure to technology and the weak performance of index heavyweights.

### Market Outlook and Strategy

Attempting to predict the future is a pretty difficult task at the best of times and these are clearly not the best of times – even if (hopefully) COVID-19 is now mostly behind us. Also, with war raging in Ukraine, there is increasing potential for the conflict to escalate and a real likelihood of a lasting mistrust between the West (US & Europe) and the East (Russia, China and India).

It seems that some of the supply issues that have spurred high prices are beginning to normalise. Inventories are being rebuilt and freight costs are falling sharply (even with Chinese ports locked down). What will happen as lockdowns ease and better, cheaper supply begins to lap softer demand, as rising energy prices and mortgage costs eat into consumer spending?

These supply chain issues have been a regular feature in quarterly company reporting. Where we are confident that a shortfall in earnings is due to temporary supply side issues but underlying demand remains strong, we will look to add to positions if share prices react to these short-term developments. If by contrast, we are becoming concerned that demand is weaker than we had previously expected and reliant upon ever increasing amounts of marketing investment, we will sell or reduce the positions. This month's exit of HelloFresh and the reduction in the Amazon holding are both good examples of this discipline.

Confidence is being tested in many ways as the global economic and geopolitical tectonic plates shift. Where our investment

process comes into its own at these times is that it focuses us on what we know (what is shaping the profits and cash generation of our companies) and what we don't know (what happens in Ukraine / where inflation be in 2023). By focusing on the former and taking an appropriate time horizon, it allows us to focus on creating a diversified portfolio - one that is expected to deliver a strong and rising cash return on investment, irrespective of how the macro winds blow.

### Sector Exposure

Sector	Fund %	Benchmark %
Communication Services	0.00	7.74
Consumer Discretionary	12.83	11.29
Consumer Staples	7.34	7.52
Energy	2.12	4.64
Financials	13.90	14.53
Health Care	19.94	12.29
Industrials	16.28	9.42
Information Technology	20.53	21.57
Materials	2.14	5.14
Real Estate	1.96	2.85
Utilities	0.00	3.02
Cash	2.96	0.00
Total	100.00	100.00

### Fund Objective

The Fund aims to achieve capital growth over the long term, with total returns (before fees) 3% above the MSCI All Countries World ex-Australia Index (with net dividends re-invested) expressed in Australian Dollars (unhedged) over rolling three-year periods.

#### Key Facts

**Responsible Entity**  
Yarra Investment Management Limited

**APIR Code**  
SUN0031AU

**ARSN**  
092 026 269

**Fund Size**  
AUD \$185.9 million

**Minimum Investment**  
AUD 10,000

**Buy/Sell Spread**  
0.20%/0.20%

**Distribution Frequency**  
Quarterly

### Contact Us

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### Important Information

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