

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	4.39	9.09	15.78	31.11	17.84	17.84		
Fund distribution return	0.00	0.00	0.00	0.00	0.00	0.16		
Total Fund return (net) [#]	4.39	9.09	15.78	31.11	17.84	18.01	16.42	8.70
Benchmark*	2.91	8.90	16.63	23.53	12.46	13.57	13.80	7.24
Excess return	1.48	0.19	-0.85	7.58	5.39	4.44	2.62	1.46

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 outperformed the benchmark over the month.

Key contributors to relative performance:

- **LivaNova** remains a beneficiary of any return towards a pre-COVID-19 normal. Quarterly results showed revenues growing by 12% in their highly profitable US Epilepsy business as patients begin to return to the clinic. As a result, LivaNova's group profits easily outstripped investor expectations.
- **Burford Capital** benefitted after one of its clients won a favourable judgement in the High Court and a large award of USD1.4bn. Burford's share of the awards is unknown but it typically takes 30%, indicating it could receive up to USD400m. Additionally, the fact that Burford is funding the claimant, provides greater evidence of third party litigation funding becoming more mainstream.
- **Transunion** outperformed on the back of a significant recovery in US non-mortgage verticals, as lenders increased customer acquisition efforts and fiscal stimulus boosted large consumer purchase activity. At its Q1 results, management increased full-year guidance, indicating high-single-digit growth for US markets, mid-teens growth for International, and low-single-digit growth for Consumer Interactive in 2021.
- **HelloFresh** and **Carlisle Companies** also contributed to performance.

Key detractors from relative performance:

- **HDFC Bank** was negatively impacted by the significant surge in COVID-19 rates in India. Investors are concerned by an increase in the cheque-bounce rate as this will impact credit costs and appetite for growth.
- **Sony** underperformed after recent results signalled a muted profit growth outlook.

- **Solaredge** failed to keep pace with the market this month as the shares continued to consolidate strong gains made in anticipation of a boost to demand for renewable energy.
- **Deere & Co** and **Philips** also detracted from performance.

Country/ Regional Exposure

Country/Region	Fund %	Benchmark %
United States	64.83	58.41
Europe ex UK	13.42	12.77
United Kingdom	7.04	3.76
Japan	4.62	6.18
Canada	0.00	2.84
Asia Pacific ex Japan	6.88	13.30
Emerging Europe, Middle East, Africa	0.00	1.80
Latin America	0.00	0.94
Cash	3.21	0.00
Total	100.00	100.00

Top 10 Holdings - Underlying Fund

Company	Fund %	Benchmark %	Country
Microsoft Corp	5.23	2.81	United States
Amazon.com	3.63	2.29	United States
Hellofresh	3.42	0.02	Germany
Livanova plc	3.34	0.00	United States
Accenture plc	3.17	0.29	United States
Compass Group plc	3.15	0.06	United Kingdom
Aon plc	3.03	0.09	United States
Progressive Corp	2.92	0.09	United States
Sony Group Corp	2.92	0.20	Japan
Laboratory Corp of America	2.88	0.04	United States

Market Commentary

Global equity markets continued to rise in April, with the MSCI All Countries World Index (ACWI) climbing almost 3%. The energy sector saw some consolidation this month after a period of strong gains, as investors weighed an increase in output from OPEC and a relatively solid demand environment. Other underperforming sectors this month included many of the defensive sectors, with consumer staples, utilities and healthcare all failing to keep pace with the market. Of the traditionally defensive sectors, only real estate outperformed.

The strongest sector this month was communication services. A continued bid for economic sensitivity was also evident in the outperformance enjoyed by the materials and financials sectors. Commodity prices have generally been firm and investor hope of a potential 'supercycle' has increased, with supply likely slower to increase than demand, as economic recovery unfolds. The information technology sector also outperformed.

The US was the best performing region this month. Europe ex UK also outperformed, as the region's vaccination programme started to gain speed and hopes increased of at least some sort of summer holiday season, with all of its economic benefits. Japan and Emerging Asia were the underperformers in April.

Market Outlook and Strategy

Companies where this is an active debate over the shorter-term, cyclical versus longer lasting structural factors, are often a lucrative hunting ground for future quality investments. The recent addition of LKQ to the Fund is a good example. Some investors fret about the advent of self-driving cars (at the same time as electric cars start replacing the internal combustion engine). These structural shifts will provide challenges for traditional vehicle repairers. The shift will likely be gradual, however, and we believe that LKQ's dense delivery network, and the convenience that it offers, will prove sustainably more valuable than the share price currently reflects, irrespective of the types of vehicle that we drive. The valuation opportunity will be greater still, if management can reposition the business for the upcoming changes ahead of time.

Management quality is always important to us, but it will be particularly crucial in increasing future returns on capital, if cost pressures increase with governments racking up huge debt levels to invest in stimulus packages. Whilst you could debate how quickly these packages will turn into real demand for goods and services, this potential lag does not seem to matter at the moment.

We are certainly very aware of the extreme positivity of equity

investors, as seen in many sentiment surveys. Economic data is very strong (particularly in the US and China), earnings revisions are positive and history suggests that they will remain so, as analysts always underestimate the profit impact of better revenues in the early stages of economic recovery.

The largesse of governments and central banks won't come without costs. It is too early to tell what this will mean for corporate profits and equity market style leadership, but it seems likely to us that a focus on strong, sustainable cash flow generation and valuation will remain very important.

Sector Exposure

Sector	Fund %	Benchmark %
Communication Services	2.16	9.56
Consumer Discretionary	17.51	12.80
Consumer Staples	5.72	6.86
Energy	0.00	3.25
Financials	16.16	14.33
Health Care	21.58	11.32
Industrials	12.92	9.92
Information Technology	18.16	21.43
Materials	1.53	5.08
Real Estate	1.05	2.64
Utilities	0.00	2.82
Cash	3.21	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

Nikko Asset Management
Australia Limited

APIR Code

SUN0031AU

ARSN

092 026 269

Fund Size

AUD \$167.0 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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