

# 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	2.14	8.26	14.71	18.62	18.34	14.66		
Fund distribution return	0.00	0.00	0.00	0.00	0.00	0.16		
Total Fund return (net) <sup>#</sup>	2.14	8.26	14.71	18.62	18.34	14.82	15.68	8.46
Benchmark*	-0.08	6.52	10.65	5.90	10.56	10.92	13.07	6.97
<b>Excess return</b>	<b>2.21</b>	<b>1.74</b>	<b>4.07</b>	<b>12.72</b>	<b>7.78</b>	<b>3.90</b>	<b>2.61</b>	<b>1.49</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.

<sup>#</sup> 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:

- **HelloFresh** outperformed on the back of an impressive Capital Markets Day, which provided investors with greater clarity around customer behaviour, 2021 financial guidance and long-term growth drivers. Additionally, the investor day provided in-depth insight into HelloFresh's sustainability initiatives, highlighting the company's commitment to ESG.
- **LivaNova** outperformed following several key changes to its Board structure. The heads of the Audit Committee and Compensation Committee, and Chairman, who have been responsible for the execution issues at LivaNova, have been replaced by seasoned healthcare executives. Management are demonstrating their desire to turn the company around and become more sensible stewards of capital.
- **Palomar** witnessed a recovery after the market digested management's recent underwriting actions, prompted by Q3 insurance losses as a result of natural catastrophes. Management amended the reinsurance program to focus on frequency, and not just severity.
- **Solaredge** and **Progressive** also contributed to performance.

Key detractors from relative performance:

- **American Tower** sold-off due to expectations of a reduction in network spending as the economy opens up after COVID-19-led restrictions. Despite this news, the company remains confident that it can continue to deliver consistent growth through the acceleration of 5G deployments in the US and the development of wireless infrastructure in emerging markets.
- **Tencent** was negatively impacted by news flow around China's regulatory antitrust investigation into Alibaba, that signals that a more perilous regulatory regime may be in store for the leading technology giants in China. Importantly though, recent habit-formation around gaming has been significant, and Tencent's

world-leading platform shall continue to drive growth.

- **Unilever** suffered due to renewed lockdowns in Europe, where the company generates approximately 25% of its revenues.
- **Daikin** and **Kingspan** also detracted from performance.

### Country/ Regional Exposure

Country/Region	Fund %	Benchmark %
United States	59.03	57.31
Europe ex UK	12.85	12.91
United Kingdom	6.40	3.75
Japan	7.66	6.76
Canada	0.00	2.69
Asia Pacific ex Japan	9.65	13.75
Emerging Europe, Middle East, Africa	0.00	1.78
Latin America	0.00	1.05
Cash	4.42	0.00
Total	100.00	100.00

### Top 10 Holdings - Underlying Fund

Company	Fund %	Benchmark %	Country
Microsoft Corp	5.02	2.70	United States
Amazon.com	4.25	2.34	United States
Hellofresh	3.46	0.02	Germany
Sony Corp	3.18	0.21	Japan
Tencent Holdings Ltd	3.13	0.71	China
HDFC Bank	2.92	0.10	India
Livanova plc	2.83	0.00	United States
Coca-Cola Co	2.82	0.38	United States
Accenture plc	2.79	0.28	United States
SVB Financial Group	2.72	0.03	United States

## Market Commentary

Global equities finished the 2020 calendar year on a strong note with a gain of 4.6% (USD) in December. For unhedged Australian investors, the result was less impressive with the MSCI All Countries World Index (ACWI) returning -0.08% (AUD) as the Australian dollar advanced almost 5% during the month to close at 0.7694. The top contributors to the ACWI return were Apple, Tesla and Samsung Electronics, while Alibaba Group, Facebook and Salesforce were the main detractors.

The best performing countries in December were the equity markets of South Korea, Brazil, Taiwan and India with gains ranging from 6-10% (AUD). China (-1.7%), Canada (-1.1%) and the US (-0.7%) were the major laggards over the month. At the sector level, information technology and materials both gained 2%, while financials (0.5%) was the only other sector with a positive return. Real estate (-2.2%) and utilities (-2.1%) fared the worst. The market's style bias swung in favour of growth once again, which returned 0.5%, while value declined -0.4%.

## Market Outlook and Strategy

There are many justifications for a rotation within markets, and extra impetus has been given to this dynamic by high (and rising) investor confidence in ongoing monetary policy support. It does appear that asset prices (including equity markets) will enjoy a measure of Central Bank support for longer than has been the case in previous periods of economic recovery. Central Bank policy has been carrying the can for supporting economic growth for a long time in many countries, especially in the face of political infighting but also fragile consumer and investor confidence. With governments having taken on record amounts of debt in recent months as the costs of COVID-19 have rocketed, there is a need not to strangle government spending through hiking short-term interest rates.

The costs of the pandemic have not just been felt in terms of government finances. The public health crisis has widened the inequalities that already existed in many countries, with the better off generally faring much better in terms of both their employment and health. There is now an even more pressing need to address this socioeconomic imbalance and the recent US Presidential election may mark a move in this direction. Although the extent of the policy shift remains unclear and the investment implications even more so, it does seem likely to us that we will see an increased tax take from both companies and the highest earners of society. Equity market moves since the outcome of the election suggest that the market expects these proceeds to be invested in both infrastructure programmes and (possibly) expanding healthcare coverage. Time will tell.

Equity markets have started the year on a firm footing and real grounds for optimism remain. There is also continued evidence of a potential change in market leadership, away from the 'growth at any price' cohort. Cyclical stocks have been the main beneficiaries to date. Our portfolio continues to hold a combination of cyclicals and reasonably priced growth stocks, all of which we expect to deliver rising returns. With considerable uncertainty regarding the duration of some of the recent market moves, we believe that this balance will remain important going forward.

## Sector Exposure

Sector	Fund %	Benchmark %
Communication Services	5.52	9.26
Consumer Discretionary	16.28	13.00
Consumer Staples	6.52	7.38
Energy	0.00	3.02
Financials	17.23	13.46
Health Care	17.95	11.86
Industrials	13.29	9.68
Information Technology	16.72	21.86
Materials	1.07	4.92
Real Estate	1.00	2.57
Utilities	0.00	2.99
Cash	4.42	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 \$134.0 million

#### Minimum Investment

AUD 10,000

#### Buy/Sell Spread

0.20%/0.20%

#### Distribution Frequency

Quarterly

## Contact Us

### Nikko AM Limited

Level 26, One International Towers Sydney  
100 Barangaroo Avenue, Barangaroo NSW 2000, Australia  
Phone: 1800 251 589  
Fax: +61 2 8072 6304  
Email: sales.au@nikkoam.com

## Important Information

This material was prepared 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 Global Share Fund ARSN 092 026 269 (Fund). Nikko AM Australia is part of the Nikko AM Group. The information contained in this material is of a general nature only and does not constitute personal advice. It is for the use of wholesale clients, researchers, licensed financial advisers and their authorised representatives only. It does not take into account the objectives, financial situation or needs of any individual. Investors should consult a financial adviser as well as the information contained in the Fund's current Product Disclosure Statement (PDS) and the 'Additional Information to the PDS' which are available at [www.nikkoam.com.au/pds](http://www.nikkoam.com.au/pds) before deciding to invest in the Fund. Applications will only be accepted if made on a current application form. An investment in the Fund is not a bank deposit and distributions and the return of capital are not guaranteed. Past performance is not an indicator of future performance. Any references to particular securities or sectors are for illustrative purposes only and are as at the date of publication of this material. This is not a recommendation in relation to any named securities or sectors and no warranty or guarantee is provided that the positions will remain within the portfolio of the Fund.