

Nikko AM NZ Investment Scheme

# NIKKO AM GLOBAL EQUITY UNHEDGED FUND

## Fund Update



## What is the purpose of this update?

This is a replacement fund update, replacing the previous fund update for the quarter ending 30 September 2016, first made publically available on 31 October 2016. We identified that in that fund update, the calculation of the annual return (after deductions for charges and tax) was incorrect. This has now been corrected in this fund update and has resulted in changes to the following sections: "How has this fund performed?" and "Example of how this applies to an investor".

This document tells you how the Nikko AM Global Equity Unhedged Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. Nikko AM NZ prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

## Description of this fund

The Fund aims to outperform the MSCI All Countries World Index (net dividends reinvested), in New Zealand Dollars (unhedged) by 3.0% p.a. over a rolling three year period before fees, expenses and taxes. The Fund provides investors with long term growth from an actively managed investment portfolio selected from global equity markets. No foreign currency hedging is undertaken in this fund.

Total value of the fund	\$128,638,580
The date the fund started	15 January 2013

## What are the risks of investing?

### Risk indicator for Nikko AM Global Equity Unhedged Fund:



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the fund's assets goes up and down. A higher risk generally means higher potential returns over time, but more ups and downs along the way.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at [www.sorted.org.nz/tools/investor-kickstarter](http://www.sorted.org.nz/tools/investor-kickstarter).

Note that even the lowest category does not mean a risk-free investment, and there are other risks that are not captured by this rating.

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for the five year period to September 2016.<sup>1</sup> While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates. See the product disclosure statement (PDS) for more information about the risks associated with investing in this fund.

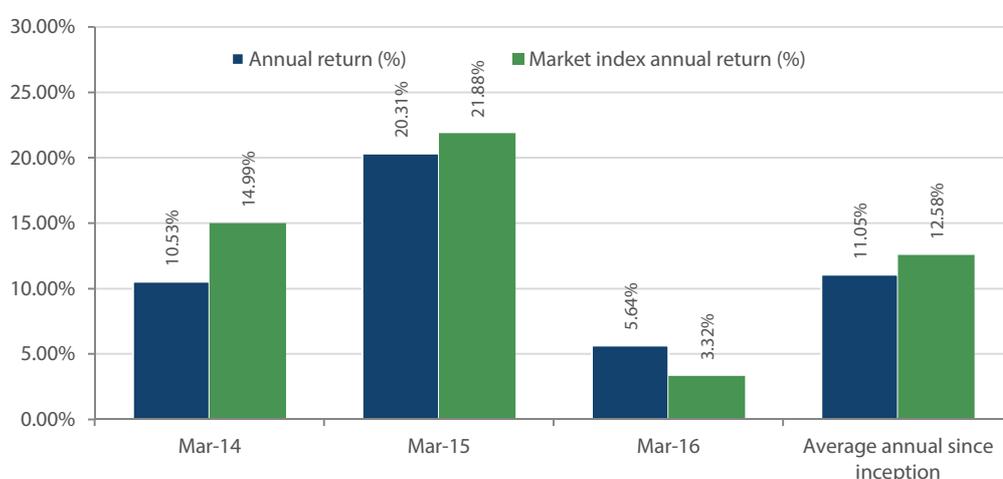
## How has the fund performed?

	Past year
Annual return <i>(after deductions for charges and tax)</i>	-1.20%
Annual return <i>(after deductions for charges but before tax)</i>	-0.41%
Market index annual return <i>(reflects no deduction for charges and tax)</i>	-1.51%

The market index on which the annual return is based is the MSCI All Countries World Index (net dividends reinvested), in NZD (unhedged)

Additional information about the market index is available on the offer register.

## Annual return graph<sup>2</sup>



This shows the return after fund charges and tax for each year ending 31 March since the fund started. The last bar shows the average annual return since the fund started up to September 2016.

**Important:** This does not tell you how the fund will perform in the future.

Returns in this update are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower.

## What fees are investors charged?

Investors in the Nikko AM Global Equity Unhedged Fund are charged fund charges. In the year to 31 March 2016, these were:

	% of net asset value
<b>Total fund charges</b>	<b>1.37%</b>
Which are made up of:	
<b>Total management and administration charges</b>	<b>1.37%</b>
Including:	
Manager's basic fee	1.27%
Other management and administration charges	0.10%
<b>Total performance-based fees</b>	<b>0.00%</b>

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the Nikko AM Global Equity Unhedged Fund PDS for more information about those fees.

## Example of how this applies to an investor

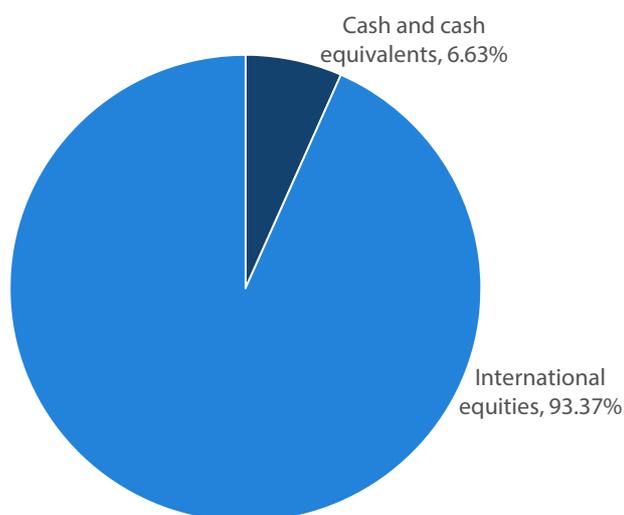
Small differences in fees and charges can have a big impact on your investment over the long term.

Hayley had \$10,000 in the fund at the start of the year and did not make any further contributions. At the end of the year, Hayley received a return after fund charges were deducted of \$678 (that is 6.78% of her initial \$10,000). Hayley paid no other charges. This gives Hayley a total return after tax of \$564 for the year.

## What does the fund invest in?

This shows the types of assets that the fund invests in.

### Actual investment mix



### Target investment mix

International equities <sup>3</sup>	100%
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### Top 10 investments

	Name	Percentage of fund's net asset value	Type	Country	Credit rating (if debt securities)
1	Westpac Banking Corporation call cash	6.17%	Cash & cash equivalents	New Zealand	AA-
2	Amazon Com Inc	3.20%	International equities	United States	n/a
3	Encana Corp	1.68%	International equities	Canada	n/a
4	Taiwan Semiconduct Manufacturing	1.56%	International equities	Taiwan	n/a
5	Facebook Inc	1.51%	International equities	United States	n/a
6	Berkshire Hathaway Inc - Class B	1.44%	International equities	United States	n/a
7	Alphabet Inc Com Cl C	1.43%	International equities	United States	n/a
8	Wells Fargo & Company	1.25%	International equities	United States	n/a
9	Reckitt Benckiser Group Plc	1.21%	International equities	United Kingdom	n/a
10	Naspers Ltd	1.17%	International equities	South Africa	n/a

The total value of the top 10 investments make up 20.62% of the net asset value of the fund.

## Key personnel

	Name	Current position	Time in current position	Previous or other current position	Time in previous or other current position
1	George Carter	Managing Director and Member of Investment Committee	0 years and 11 months	Director, Head of Distribution, AMP Capital Investors NZ Limited	6 years and 4 months
2	Fergus McDonald	Head of Bonds and Currency and Member of Investment Committee	16 years and 3 months	NZ Fixed Interest Portfolio Manager - Nikko Asset Management New Zealand Limited	10 years and 5 months
3	Stuart Williams	Head of Equities and Member of Investment Committee	2 years and 2 months	Portfolio Manager – OnePath (NZ) Limited	1 year and 7 months
4	James Wesley	Head of Distribution and Member of Investment Committee	2 years and 10 months	Head of Australia, Wholesale – Threadneedle Investments	3 years
5	Reena Madhoo	Head of Operations and Member of Investment Committee	2 years and 5 months	Senior Client Services Manager – Nikko Asset Management New Zealand Limited	1 year and 2 months

## Further information

You can also obtain this information, the PDS for the Nikko AM Global Equity Unhedged Fund and some additional information from the offer register at <https://www.companiesoffice.govt.nz/disclose>.

## Notes

<sup>1</sup> Because the fund is less than five years old, the risk indicator uses returns data partly from returns of the fund, and partly (for the period September 2011 to 15 January 2013) from the MSCI All Countries World Index (net dividends reinvested), in New Zealand Dollars (unhedged).

<sup>2</sup> The bar chart shows fund returns after the deduction of fees and taxes, however, the market index returns are shown before any fees or taxes are deducted.

<sup>3</sup> All investments described in this fund update are in New Zealand dollars.