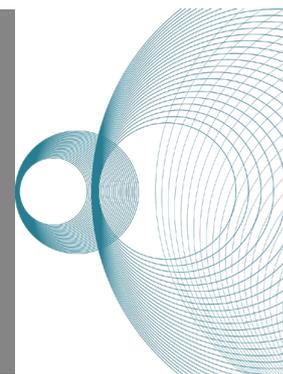


Nikko AM NZ Investment Scheme

# NIKKO AM FREEDOM FUND

## Fund Update



### What is the purpose of this update?

This document tells you how the Nikko AM Freedom 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 provide a regular income to the charity from an actively managed investment portfolio and to maintain the value of investor's capital and to outperform the RBNZ Official Cash Rate by +0.50% p.a. The fund invests in multiple Nikko AM NZ Wholesale Funds

|                           |                   |
|---------------------------|-------------------|
| Total value of the fund   | \$518,175         |
| The date the fund started | 13 September 2021 |

### What are the risks of investing?

#### Risk indicator for Nikko AM Freedom 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 March 2024<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.

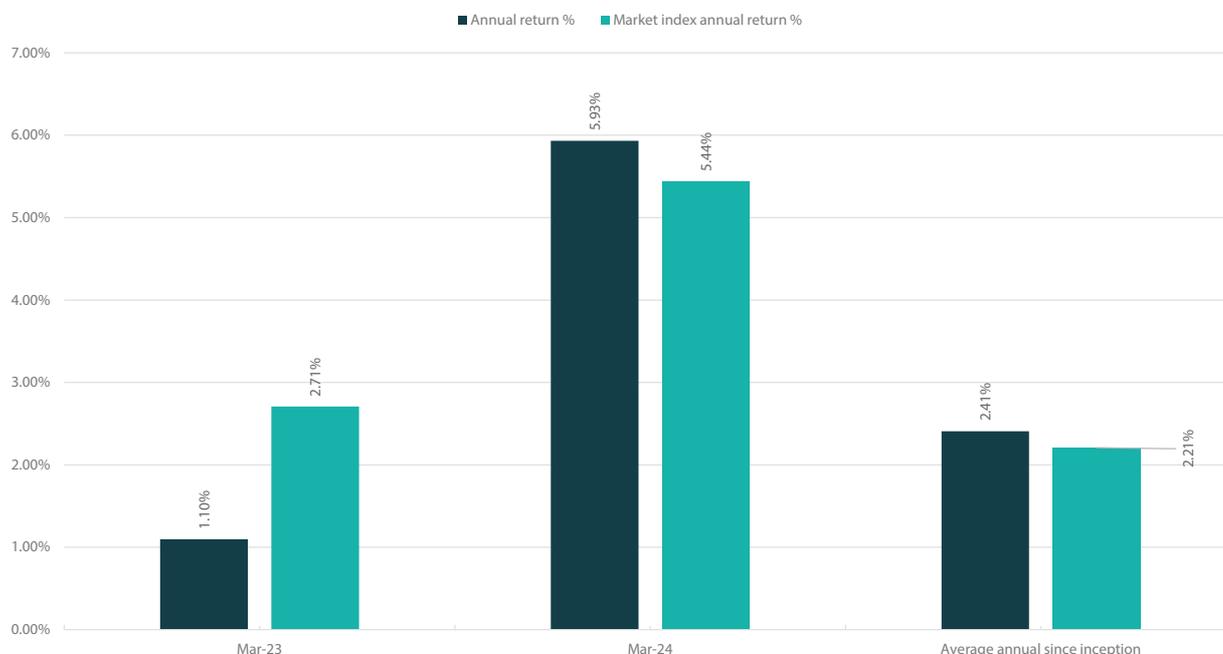
## How has the fund performed?

|  | Past year |
|--|-----------|
| Annual return<br><i>(after deductions for charges and tax)</i>                   | 5.93%     |
| Annual return<br><i>(after deductions for charges but before tax)</i>            | 5.93%     |
| Market index annual return<br><i>(reflects no deduction for charges and tax)</i> | 5.44%     |

Nikko AM is relying on the Financial Markets Conduct (Market Index) Exemption Notice 2018 and have created a composite index in order to calculate the market index annual return. The Manager believes the use of a composite benchmark for these funds would be useful to investors in assessing the performance of the fund as a whole. The composite market index for each fund is made up of the index of the underlying sector funds (where an Appropriate Market Index or Peer Group Index is available) multiplied by the respective target investment mix.

Additional information is available on the offer register at <https://disclose-register.companiesoffice.govt.nz/>.

## 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 31 March 2024.

**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 Freedom Fund are charged fund charges. In the year to 31 March 2024, these were (inclusive of GST where applicable):

|  | <b>% of net asset value</b> |
|--|-----------------------------|
| <b>Total fund charges<sup>1</sup></b>              | <b>0.30%</b>                |
| Which are made up of:                              |                             |
| <b>Total management and administration charges</b> | <b>0.30%</b>                |
| Including:   |                             |
| Manager's basic fee                                | 0.30%                       |
| Other management and administration charges        | 0.00%                       |
| <b>Total performance-based fees</b>                | <b>0.00%</b>                |

**Donated management fee:** As noted above, we charge an annual management fee to the Fund. However, this fee is not retained by us, instead it is fully donated to the charity each month. There are no charges for underlying investment costs – no Supervisor's fee and administration costs (such as audit fees, registry services, unit pricing and accounting services).

See the Nikko AM Freedom Fund PDS for more information.

## 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.

Simon 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, Simon received a return after fund charges were deducted of \$593 (that is 5.93% of his initial \$10,000). Simon also paid no other charges. This gives Simon a total return after tax of \$593 for the year.<sup>3</sup>

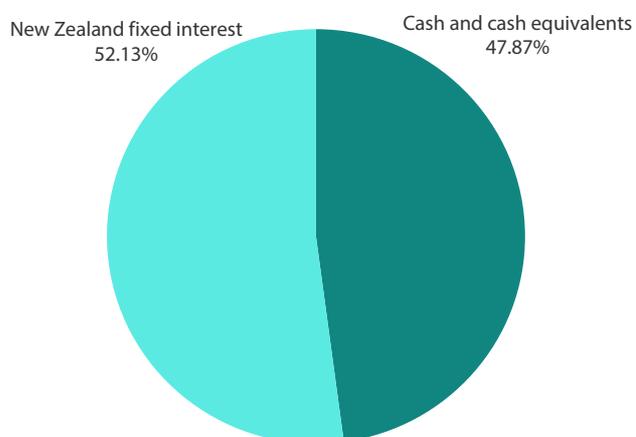
In the example above, the returns made by Simon's investment are retained by the fund and/or donated to charity.

Refer 'Nikko AM Freedom Fund - Other Material Information' at <https://disclose-register.companiesoffice.govt.nz/>

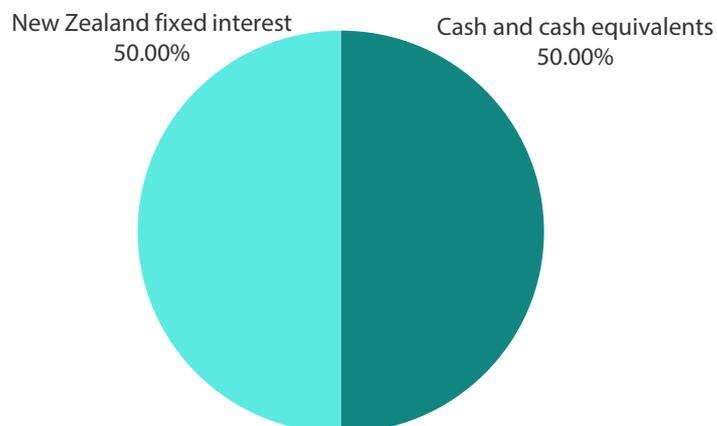
## What does the fund invest in?

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

### Actual investment mix



### Target investment mix<sup>2,4</sup>



## Top 10 investments

|    | Name   | Type                       | Country     | Credit rating (if debt securities) | Percentage of fund's net asset value |
|----|--|----------------------------|-------------|------------------------------------|--------------------------------------|
| 1  | Rabobank Nederla 160326 Frn                  | New Zealand fixed interest | New Zealand | A                                  | 2.94%                                |
| 2  | Westpac New Zealand 060726 Frn               | New Zealand fixed interest | New Zealand | AA-                                | 2.83%                                |
| 3  | Mufg Bank Ltd Auckland Branch 241126 Frn     | New Zealand fixed interest | New Zealand | A                                  | 2.58%                                |
| 4  | Ind. And Comm. Bank of China Nz 260525 Frn   | New Zealand fixed interest | New Zealand | A                                  | 2.09%                                |
| 5  | Housing NZ 1.534% 10/09/2035                 | New Zealand fixed interest | New Zealand | AAA                                | 2.07%                                |
| 6  | China Construction Bank Nz Ltd 090226 Frn    | New Zealand fixed interest | New Zealand | A                                  | 2.04%                                |
| 7  | New Zealand Tax Trading Co 110424 Rcd        | Cash and cash equivalents  | New Zealand | AAA                                | 1.96%                                |
| 8  | Insurance Australia Group Ltd 150628 5.32 Cb | New Zealand fixed interest | Australia   | BBB                                | 1.71%                                |
| 9  | Bank Of New Zealand 231126 Frn               | New Zealand fixed interest | New Zealand | AA-                                | 1.69%                                |
| 10 | NZLGFA 3% 15/05/2035                         | New Zealand fixed interest | New Zealand | AAA                                | 1.66%                                |

The total value of the top 10 investments makes up 21.57% of the net asset value of the fund.

## Key personnel

|   | Name             | Current position  | Time in current position | Previous position  | Time in previous or other current position |
|---|------------------|---|--------------------------|--|--|
| 1 | Fergus McDonald  | Head of Bonds and Currency and Member of Investment Committee | 23 years and 9 months    | NZ Fixed Interest Portfolio Manager - Nikko Asset Management New Zealand Limited | 10 years and 5 months                      |
| 2 | Ian Bellew       | Fixed Income Manager  | 12 years and 3 months    | Cash Portfolio Manager - Nikko Asset Management New Zealand Limited              | 4 years and 10 months                      |
| 3 | Matthew Johnson  | Fixed Income Manager  | 5 years and 6 months     | Senior Strategy Analyst – The Comfort Group                                      | 2 years and 6 months                       |
| 4 | Michael Sherrock | Head of Equities and Member of Investment Committee           | 1 year and 0 months      | Portfolio Manager – Nikko Asset Management New Zealand Limited                   | 8 years and 5 months                       |
| 5 | Stuart Williams  | Managing Director and Chair of Investment Committee           | 1 year and 0 months      | Head of Equities – Nikko Asset Management New Zealand Limited                    | 8 years and 7 months                       |

## Further information

You can also obtain this information, the PDS for the Nikko AM Cash and Fixed Interest Funds, and some additional information from the offer register at <https://discloseregister.companiesoffice.govt.nz/>.

## Notes

<sup>1</sup> As the fund is less than five years old, the risk indicator uses returns data (for the period 1 April 2019 to 30 September 2021), from the composite index. As a result of this, the risk indicator may provide a less reliable indicator of the potential future volatility of the fund.

<sup>2</sup> The bar chart shows fund returns after the deduction of fees and taxes.

<sup>3</sup> For the purpose of this example, the start of the year is 1 April 2023.

<sup>4</sup> All investments in this fund update are described in New Zealand dollars.