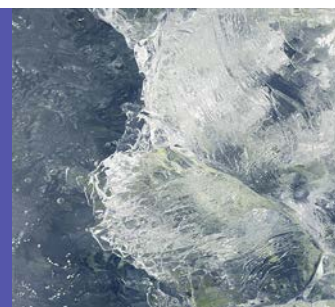


NIKKO AM GLOBAL EQUITY UNHEDGED FUND

Monthly Fact Sheet

30 November 2016



Investment objective

The objective of the Fund is to construct a portfolio of permitted investments that outperform the Fund's benchmark return by 3.0% per annum over a rolling three year period before fees, expenses and taxes.

Benchmark

MSCI All Countries World Index (net dividends reinvested), expressed in NZD (unhedged). Prior to 1 June 2014 MSCI World Index (net dividends reinvested). NZD unhedged

Fund description

The Fund aims to provide investors with long term growth from an actively managed investment portfolio selected from global equity markets.

The Fund gains its investment exposure by investing into the Nikko AM Wholesale Global Equity Unhedged Fund.

For the Nikko AM Wholesale Global Equity Unhedged Fund we utilise a multi-manager global equity strategy managed by a specialist team based in Sydney and Singapore. Investment personnel from Nikko AM Australia, Singapore and New Zealand are responsible for the ongoing selection, monitoring and review of all underlying investment managers.

Currency management

All currency exposures created as a consequence of global equity market investment remain unhedged to NZD.

Management fees and other charges

A management fee of 1.25% per annum calculated as a percentage of the net asset value of the Fund will be calculated and deducted from the Fund.

Nikko AM may also recover expenses (including the Trustee fee) from the Fund up to a maximum of 0.25% per annum of the Fund's net asset value. An estimate of expenses as at the date of publication is 0.09% per annum.

Buy/sell spread

0.07% / 0.07%

Strategic asset allocation

	Target	Range
Nikko AM Wholesale Global Equity Unhedged Fund	100%	95% ⇔ 100%
Cash on call for investor transactions	0%	0% ⇔ 5%

Refer to the SIPO for full details of permitted investments and restrictions.

Performance

(NZD returns; before tax, after fees and expenses)

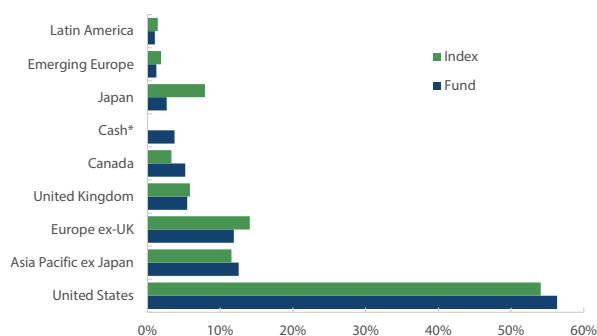
1 month	3 months	6 months	1 year
0.40%	-1.45%	-4.99%	-7.68%
2 years (pa)	3 years (pa)	5 years (pa)	Inception (pa)*
6.04%	7.64%		11.37%

* January 2013

Manager allocation

Manager	Range	Actual*
WCM Investment Mgmt	10-30%	26.16%
Principal Global Investors	10-30%	25.85%
Epoch Investments Partners Inc	10-30%	21.04%
Davis Selected Advisors LP	10-30%	22.87%
Nikko AM Limited (Derivatives)	0-10%	3.65%
Nikko AM Limited (Cash)	0-10%	0.43%

Geographical allocation



Emerging markets

11.3% of Fund

Sector allocation

Sector	Fund	Benchmark
Consumer Discretionary	16.8%	12.3%
Information Technology	16.4%	15.7%
Financials	12.0%	18.5%
Health Care	10.0%	11.1%
Industrials	9.9%	10.8%
Consumer Staples	9.5%	9.5%
Energy	8.0%	7.2%
Materials	5.0%	5.3%
Cash*	3.7%	0.0%
Telecommunication Services	3.4%	3.5%
Utilities	3.0%	3.1%
Real Estate	2.2%	3.1%

* includes the sum of the underlying managers' cash allocations

Top 10 holdings

Company	Fund (%)	MSCI (%)	Country
Amazon.com	2.96	0.82	US
Encana Corp	1.86	0.03	Canada
Wells Fargo & Co	1.68	0.69	US
Alphabet Class C	1.65	0.64	US
Taiwan Semiconductor	1.58	0.00	Taiwan
Facebook Inc	1.53	0.74	US
Berkshire Hathaway	1.30	0.51	US
Apache Corp	1.26	0.07	US
JPMorgan Chase & Co	1.18	0.80	US
Reckitt Benckiser Group	1.13	0.15	Britain

Commentary

Global equity markets got nervous in early November, falling almost 2% just before the US Presidential Election on 8 November. Once the news of the Trump victory set in, markets went into "risk-on" mode and launched a significant rally during the remainder of the month, mostly encouraged by Trump's infrastructure spending and tax cut plans, as well as plans to reduce various regulations. By month end, the MSCI All Countries World Index had posted a return of 1.70% (NZD, unhedged), led by large gains in Financials (up 7%), Energy (up 5.6%) and Industrials (up 4%). Among Financials, US Banks (up 19%) were the main driver of performance, with Bank of America (up 30%) the leader of the pack. The performance of European Banks (up 1%) was far more muted, with a wide dispersion in returns. On the downside, bond proxies were once again the worst performers, with Utilities falling 5.4% and Consumer Staples falling 4.5%. Real Estate (down 2.5%) and Telecoms (down 2.3%) also underperformed significantly.

The Fund trailed the benchmark over the month. The underperformance was due to negative sector contributions, while regional allocation and stock selection generally added value. Manager performance was mixed – Davis (up 5.08%) outperformed by a significant margin of 338 bps, largely due to its exposure to outperforming Energy and US banking stocks. However PGI (up 0.18%), Epoch (down 0.30%) and WCM (down 0.71%) all underperformed significantly. The biggest detractor at the sector level came from the underweight exposure to Financials, which was the best performing sector with a gain of 7.1%. While most of the Fund's holdings in the sector outperformed, the underweight exposure detracted value, as well as not holding names like Bank of America, Citigroup and Goldman Sachs which all made substantial gains. Financials have lagged the benchmark for most of the last three years, and have only surged ahead during the last two months. The effect from regional allocation was mostly positive, with the overweight to the US (up 4.6%) and underweight to Japan (down 1.7%) adding significant value. Davis has a significant overweight of about 9% to the US while having no exposure to Japan. Epoch and WCM however caused the most drag on performance. For Epoch, their large overweight to Telecoms, Utilities and Tobacco stocks detracted significant value through holdings such as National Grid (down 10%), Vodafone (down 9%) and Philip Morris (down 7.6%). While some of WCM's holdings such as TD Ameritrade (up 22%) and Tractor Supply (up 21%) performed well, the losers outnumbered the winners in November. Cerner (down 14%), Tripadvisor (down 24%) and HDFC Bank (down 8%) were the main detractors from performance.

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