

1 April 2020

Investor Notice

NZ Fixed Income – Changes to Buy/Sell spreads

We're writing to let you know that we have made some changes to the way we apply buy/sell spreads to some of our funds. With the outbreak of COVID-19 and subsequent lock-down, volatility in investment markets has increased dramatically. This has been the case particularly in bond markets where trading costs have risen significantly.

When investors buy and sell units in most Nikko AM NZ funds there are transaction costs known as buy/sell spreads. Buy/sell spreads reflect the cost of acquiring or selling the assets of the funds. The reason for implementation of these spreads is to treat all unit holders equally, otherwise ongoing investors would bear the heightened transaction costs from investors entering or exiting the funds.

The buy/sell spread stays in the fund to cover the transaction costs and is not a fee paid to us. We do not charge entry and exit fees.

Following a review, the application of buy/sell spreads have been made to three Nikko AM NZ funds and changes of buy/sell spreads have been made to a further three Nikko AM NZ funds. The funds with buy/sell spreads that are changing are below:

Wholesale	Buy Spread	Sell Spread	Previous
Nikko AM Wholesale NZ Bond Fund	0.00%	0.40%	nil / nil
Nikko AM Wholesale NZ Corporate Bond Fund	0.00%	0.80%	nil / nil
Nikko AM Wholesale Conservative Fund	0.04%	0.25%	0.04% / 0.04%
Nikko AM Wholesale Balanced Fund	0.09%	0.20%	0.09% / 0.09%
Nikko AM Wholesale Growth Fund	0.13%	0.17%	0.13% / 0.13%

Retail	Buy Spread	Sell Spread	Previous
Nikko AM NZ Bond Fund	0.00%	0.40%	nil / nil
Nikko AM NZ Corporate Bond Fund	0.00%	0.80%	nil / nil
Nikko AM Income Fund	0.00%	0.56%	nil / nil
Nikko AM Conservative Fund	0.04%	0.25%	0.04% / 0.04%
Nikko AM Balanced Fund	0.09%	0.20%	0.09% / 0.09%
Nikko AM Growth Fund	0.13%	0.17%	0.13% / 0.13%

Nikko AM KiwiSaver Scheme	Buy Spread	Sell Spread	Previous
NZ Corporate Bond Fund	0.00%	0.80%	nil / nil
Conservative Fund	0.04%	0.25%	0.04% / 0.04%
Balanced Fund	0.09%	0.20%	0.09% / 0.09%
Growth Fund	0.13%	0.17%	0.13% / 0.13%

Buy/sell spreads vary by fund and we may change the spreads from time to time to reflect the latest brokerage and transaction costs and market conditions. The Product Disclosure Statements have been updated to reflect updated and new spreads and can be found at www.nikkoam.co.nz/invest/retail. Spreads will be updated on our website at www.nikkoam.co.nz/invest/buy-sell-spreads. Further information is available in the Buy/Sell Spread document on Disclose at www.business.govt.nz/disclose. These changes are effective 1 April 2020.

Yours sincerely,

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