

NIKKO AM FREEDOM FUND

About Freedom Fund

We are playing our part in creating change. That's why we launched the Nikko AM Freedom Fund. It gives investors the opportunity to do more with their money by investing in a fund that donates all the returns and fees to the charitable organisation - Tearfund.

About TearFund

Tearfund partners with organisations to fight the modern slavery and human trafficking battle on many fronts, aiming to protect, educate and empower the most vulnerable, all while catching and prosecuting criminals and working with governments to make it more difficult for trafficking rings to exist. These aims align with the 5 Ps approach, based on the International Framework for Action to Implement the Trafficking in Persons Protocol (UNDOC, 2009): prevention, prosecution, protection, policy and partnership.

To get an idea of what TearFund endeavours to resolve, here are some key facts highlighting the ubiquity of modern-day slavery today:

- **27.6 million people in forced labour** exploitation, which is more than the entire population of Australia.
- **6.3 million people trapped in forced commercial sex**, which is more than the entire population of New Zealand.
- **22 million people in forced marriages**, where one/or both parties have not personally expressed their full, free and informed consent to the union. A child marriage is a form of a forced marriage.
- **Asia Pacific** accounts for **55%** (15.1 million people) and **41%** of global rates of exploitation and child labour respectively.

How this fund works

The return on your investment will be paid directly to TearFund (the charity) for use in its work to combat human trafficking and modern slavery. The unit price can never exceed \$1.00. However, if the unit price falls below \$1.00, then any investment gains will be used to bring the unit price back to \$1.00 before donations to the charity recommence. The fund makes a monthly distribution payment to the charity. Investors do not receive any financial returns but are able to access their capital when required.

Performance

	3months	1 Year	2 years	3 years
Freedom Fund	0.26%	2.53%		

Fund Commentary

Financial markets were weak over 2022. Both the bond and equities investments have fallen in value as markets were concerned about inflation, weaker growth and geopolitical concerns, especially in Ukraine. This resulted in the fund losing value and so the donations to TearFund have been limited to the management fees. For the 2023 calendar year to date, the return has been 1.57%.

Portfolio Manager

Stuart Williams is Managing Director of Nikko AM New Zealand, he joined in 2014. He has over 20 years' experience across all aspects of investment management.



Stuart has extensive experience in conducting detailed research and developing investment recommendations on listed companies in both New Zealand and Australia. He holds a Bachelor of Commerce degree from the University of Auckland and is a Chartered Accountant.

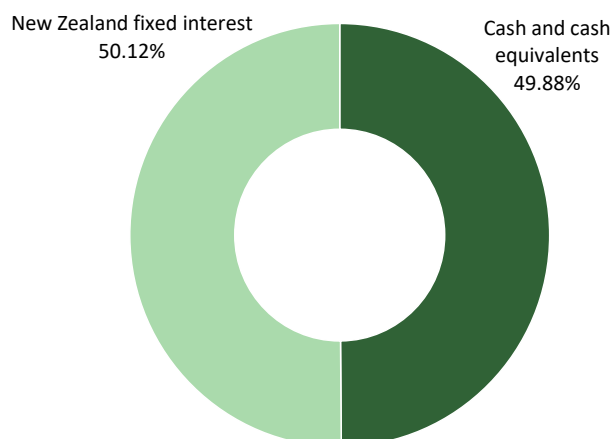
Overview

The purpose of this Fund is to utilise capital to generate returns to help support a charity. This fund gains its investment exposure by investing in NZ cash, fixed interest and Australasian equities via other Nikko AM Funds.

Objective

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 +1.50% p.a.

Asset Allocation



Key TearFund Achievements

While the harm done by modern slavery is unimaginable, because of you and our partners in the Asia-Pacific region, there has been an ever-present arm of love around communities in the face of this pervasive evil.

Overall, your giving in the year ended June 2023 has joined with that of others to impact more than 8,500 people across Fiji, Soloman Islands, Nepal and Thailand. That includes 403 survivors who were supported and empowered - many of whom have been reintegrated into their communities. Thanks to your support, the following results have been achieved across TearFund's partners in Asia Pacific. These numbers represent the tangible impact of your investment into the Freedom Fund for the people TearFund's partner's support.

Achievements in the year to June 2023

- In **Fiji** - 346 people were trained in trafficking awareness in the community. 55 cases were referred to our partner, and 22 young women have been reintegrated into their communities. 124 people were trained in livelihood initiatives from across two communities.
- In the **Soloman Islands** - 8 communities and 9 staff members received training in modern slavery awareness. 2 cases of abuse were identified and reported to Tearfund's partner. 336 participants were reached through stakeholder meetings in the community.
- In **Nepal** - 105 young people were positively impacted - 44 with scholarships and 61 empowered and organised in youth action groups. 10 women action groups with a total of 224 members have been formed. 86 school teachers and their classes were educated about human trafficking.
- In **Thailand** - 78 survivors received aftercare and 19 were removed from harm. 237 intelligence files were created and given to law enforcement to assist in investigations. 45 police investigations involved the help of our partner's staff. 326 years of prison sentence handed down to the 8 new offenders arrested, and 11 offenders convicted. NZ \$44,000 in compensation payments for survivors.



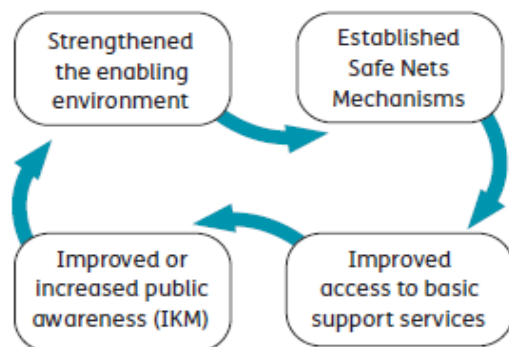
Achievements Since 2011

- **605+** Survivors have been removed from harm and received aftercare.
- **170+** Offenders convicted and sentenced to more than 3,400 years in prison.
- **\$1,000,000+** Awarded in compensation payments to survivors since 2011.

TearFund advise that the human impact is furthermore felt through the reflections of survivors, who have been assisted to live a life free from exploitation. Some of these reflections have been provided via their testimonials below.

"[The home] gave me a place of refuge and a chance to reconnect with God, I learned to grow vegetables and now have a garden."

Loata is a Fijian woman who escaped an abusive relationship and found safety in a home run by a Tearfund partner. Today, she earns a living through her baking business.



Pregnant and in a very dark place after suffering as a victim of forced sex, Reena arrived at our partner's care centre with nowhere to go. The counsellors began working, helping her feel connected, accepted and self-compassionate. Reena gave birth to a baby boy and finished her secondary studies while her son was in daycare. In 2022, she began her bachelor's degree in the School of Nursing!

When our partners visited Reena and her family, they said, "We saw a young woman determined to achieve her dream." Thank you for making her dream possible!

Key Fund Facts

Distributions

The Fund distributes to the charity each month in the form of a donation.

The donation comprises two parts:

1. The management fee charged to the fund will be paid to the charity in full each month.
2. Investment returns above the invested capital will be paid to the charity monthly, with a final wash-up payment made at the year-end or shortly after, so all eligible investment returns will be fully paid to the charity each year.

No distributions are expected to be made to investors.

Estimated annual fund charges (incl GST)

Retail: 0.30%, refer PDS for more details

100% of this fee will be donated by the Manager to the charity. No other fees are charged.

Buy / Sell spread

0.00% / 0.00%

Strategy Launch

September 2021

Compliance The fund complied with its investment mandate and trust deed.

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