

# NIKKO AM NZ INVESTMENT SCHEME

## Other Material Information

Dated 19 February 2019

Issued by Nikko Asset Management  
New Zealand Limited

Contents

1. General.....	3
2. The Funds.....	3
3. Our business.....	3
4. Supervisor and custodians.....	8
5. Auditors and other advisers.....	8
6. Supervisor and manager indemnity.....	9
7. Market indices, Benchmarks and Investment Objectives.....	9
8. Valuations.....	12
9. Explanation of expenses cap.....	12
10. Estimate of underlying fund fees.....	13
11. How we can change your investment.....	13
12. Material contracts.....	14
13. Financial statements and auditor's report.....	15
14. Deferral and suspension of withdrawals.....	16
15. Risks.....	16
16. Taxation.....	17
17. Investing through a Portfolio Investor Proxy (PIP) or another custodial service.....	20
Appendix A.....	21

## 1. General

This Other Material Information Document (the “**Document**”) contains material information relating to the Nikko AM NZ Investment Scheme (the “**Scheme**”) and the Funds that is not contained in the Product Disclosure Statement (PDS) for the offer of units in each fund. The PDS for each fund and other information about the Scheme can be found on the Disclose website at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

In this Document, “you” or “your” refers to a person or entity that invests directly in the Funds. If you hold units through a PIP, please see Section 16 “Investing through a PIP or another custodial service”.

“We”, “us”, “our”, “Nikko AM NZ” or “the Manager” refers to Nikko Asset Management New Zealand Limited which is the manager of the Scheme.

Capitalised terms have the same meaning as in the Nikko AM NZ Investment Scheme Trust Deed (“**Trust Deed**”), unless they are otherwise defined. The Trust Deed for the Scheme is available on the scheme register on Disclose.

## 2. The Funds

The Scheme has fourteen (14) Funds on offer as listed below (“the Funds”):

Diversified Funds	Cash and Fixed Interest Funds	Equity Funds	Alternative Strategy Funds
Nikko AM Conservative Fund	Nikko AM NZ Cash Fund	Nikko AM Core Equity Fund	Nikko AM Option Fund
Nikko AM Balanced Fund	Nikko AM NZ Bond Fund	Nikko AM Concentrated Equity Fund	
Nikko AM Growth Fund	Nikko AM NZ Corporate Bond Fund	Nikko AM Global Shares Fund	
	Nikko AM Global Bond Fund	Nikko AM Global Equity Unhedged Fund	
	Nikko AM Income Fund	Nikko AM Global Equity Hedged Fund	

## 3. Our business

Nikko AM NZ is a wholly owned subsidiary of Nikko Asset Management Co., Ltd (“**Nikko AM**”), headquartered in Tokyo, Japan and founded in 1959. Nikko AM is majority owned by Sumitomo Mitsui Trust Bank, Limited (“**SMTB**”). SMTB is listed on the Tokyo Stock Exchange.

We were established in 1994. We manage around \$5 billion of funds for a diverse group of clients including group companies, trustees of superannuation schemes, charitable trusts, foundations, KiwiSaver scheme providers and other entities such as corporations, local governments other fund managers, financial planners, investment product distributors and high net worth individuals.

We offer investment management services in domestic assets (equities, fixed interest, cash and alternative investments) through our Auckland based investment team and employ carefully selected offshore managers to manage global assets (global equities, global fixed interest and alternative investments). We are an active investment manager. As such, we take a medium term approach to investment. Our focus is on using research-based information to add value over time and achieve clients’ investment objectives.

Our business is to provide investment management expertise primarily for New Zealand based clients. We manage each fund in accordance with the Statement of Investment Policies and Objectives (“**SIPO**”) relevant to that fund. We may change the SIPO from time to time, in consultation with the Supervisor. We are responsible for the investment management, administration and promotion of the Funds. We are registered as a financial service provider under the Financial Service Providers (Registration and Dispute Resolution) Act 2008 (FSP Act).

## External Managers

We have a selection process to appoint investment specialists. We appoint managers of high institutional calibre and who are aligned with our investment philosophy.

The Nikko AM Global Bond Fund, Nikko AM Conservative Fund, Nikko AM Balanced Fund, and Nikko AM Growth Fund invest into the Nikko AM Wholesale Global Bond Fund. We have engaged Goldman Sachs Asset Management Australia Pty Limited (“**GSAM**”) to manage the global fixed income assets of the Nikko AM Wholesale Global Bond Fund. We and our related parties are independent of GSAM.

The Nikko AM Global Equity Hedged Fund invests indirectly, and the Nikko AM Global Equity Unhedged Fund invests directly in to the Nikko AM Wholesale Global Equity Unhedged Fund, a wholesale fund managed by us. The Nikko AM Wholesale Global Equity Unhedged Fund receives strategy advice and implementation services from Nikko AM’s Multi-Manager team (based in Australia), which is part of Nikko AM’s Portfolio Solutions Team (based in Singapore). The Nikko AM Wholesale Global Equity Unhedged Fund has a multi-manager global equities strategy and we have appointed the investment managers set out below to manage the assets of the fund:

- WCM Investment Management
- Davis Selected Advisors, L.P.
- Royal London Asset Management

The current manager allocations are shown in the table below. Nikko AM’s Multi-Manager team has been delegated authority to manage the allocations to each of the managers within these ranges.

Manager	Allocation Range	Limit Range
WCM Investment Management	26-40%	24-42%
Davis Selected Advisors, L.P.	26-40%	24-42%
Royal London Asset Management	26-40%	24-42%

The Nikko AM Conservative Fund, Nikko AM Balanced Fund and Nikko AM Growth Fund invest in the JPMorgan Funds – Multi-Manager Alternatives Fund (“**JPMMMA Fund**”), a fund managed by J.P. Morgan Alternative Asset Management, Inc (“**JPMAAM**”).

The fund is a Luxemburg based UCITS fund (a type of pooled investment vehicle domiciled in the European Union) that invests with approximately ten underlying strategies managed by fund managers not related to JPMAAM. The strategies cover a range of non-traditional investments designed to produce a consistent return stream in a variety of investment environments.

Although each underlying strategy in its own right may have various levels of volatility, the strategies are carefully selected and monitored by JPMAAM to ensure that the overall risk profile of the JPMMMA Fund has a risk level that is generally lower than that of the individual strategies, and performance is not aligned to traditional equity or fixed-income markets.

The various strategies that the JPMMMA Fund invests in include strategies such as borrowing to sell stocks whose prices are expected to fall, credit trading, hedging interest rate variations from similar issues of US Treasury bonds. The above strategies are listed as examples. The JPMMMA Fund may invest in a range of other investment strategies.

These strategies do not usually depend on the level of interest rates or on how equity markets are performing, and some strategies may actually benefit if traditional asset classes are underperforming.

This is a core alternative solution designed to diversify a portfolio, has reduced sensitivity to traditional market risks, and enhances diversification within liquid alternatives.

We and our related parties are independent of JPMAAM and the JP Morgan Group.

## Related Party Manager

The Nikko AM Global Shares Fund invests into the Nikko AM Wholesale Global Shares Fund. Nikko AM Conservative Fund, Nikko AM Balanced Fund, and Nikko AM Growth Fund invest into the Nikko AM Wholesale Global Shares Fund. We have engaged Nikko Asset Management Europe Limited (“NAME”) to manage the global equity assets of the Nikko AM Wholesale Global Shares Fund. NAME is a related party of Nikko AM NZ, both parties having common ownership.

## Directors

### **Tracey Berry, Christchurch, New Zealand (Chair)**

Tracey is Chair of the Board of Directors for Nikko AM NZ. She joins Nikko AM NZ after more than 15 years in the NZ finance sector, including as Head of Wealth Management at Westpac NZ, General Manager Wealth at Kiwibank, and General Manager Retail Distribution at Kiwibank. Most recently she was Kiwibank’s Group Manager Sales and Service.

She has also been a member of the FMA’s Financial Advisers Disciplinary Committee since its formation in 2010, and was previously a Governance Board Member for NZ Student Loans, and a trustee of the Canterbury Community Trust. She holds a post graduate qualification from Waikato University, and has studied behavioural economics at Harvard’s Business School.

### **George William Carter, Auckland, New Zealand**

George is the Managing Director of Nikko AM NZ with over 15 years’ experience in the financial services industry. As an actuary George has worked in both the UK and New Zealand advising institutional clients on pensions and investments assets and liabilities as well as having sales and marketing experience in the funds management industry. George joined Nikko in 2015 after six years at AMP Capital Investors where he was both a Director and Head of Distribution. George was appointed a Director of Nikko AM NZ effective 9 November 2015. George has an Honours degree in Theology from the University of Durham and is a qualified secondary school teacher and a Fellow of the New Zealand Society of Actuaries and Institute of Actuaries.

### **Tracey Kim Jones, Auckland, New Zealand**

Tracey is an independent, non-executive Director of Nikko AM NZ. Tracey has spent two decades working in the financial services industry including 12 years with Tappenden Holdings where she held the roles of COO and CFO. She is currently an Independent Director with New Plymouth PIF Guardians Ltd, Harmony Corporation Ltd and Tutanekai Investments Ltd as well as being the Founder of Jones Family Office Partners Ltd.

### **Kiyotaka Ryu, Tokyo, Japan**

Kiyotaka was appointed as Chief Administrative Officer and Global Head of Internal Control of Nikko Asset Management Co., Ltd in July 2018. He joined the Internal Audit Department of Nikko Asset Management Co., Ltd in September 2007 and went on to become the Head of Internal Audit where he led the Group’s Internal Audit practice for three and a half years.

Before joining Nikko Asset Management Co., Ltd, Kiyotaka worked for KPMG, as a financial and technology auditor.

He is a qualified accountant and a member of American Institute of Certified Public Accountant. He graduated Waseda University with a Bachelor of Arts in Human Sciences and has a Master of Professional Accounting degree from the University of New South Wales.

## Investment Team

Our New Zealand investment management team has extensive knowledge and experience in investment management.

### Domestic Equities

#### Stuart Williams

Stuart is Head of Equities at Nikko AM NZ having joined the company in August 2014. Stuart has wide ranging experience in all aspects of the investment management industry developed over more than 18 years working for ANZ Investments and its predecessors. Stuart has spent eight years performing detailed research and developing investment recommendations on listed companies in both New Zealand and Australia. The sectors he researched include Transportation, Healthcare, Retirement, Diversified Financials, Technology and Online. Stuart has a strong track record in portfolio management of both benchmark relative and high conviction funds. Stuart has a Bachelor of Commerce degree from the University of Auckland and is a Chartered Accountant.

#### James Lindsay

James is Senior Portfolio Manager at Nikko AM NZ having joined the company in 1998. James has over two decades of investing in the Australasian sharemarkets and a number of years' experience in share-broking prior to being appointed an Australasian Equity Analyst at Royal & Sun Alliance Asset Management in Wellington. James joined the Auckland-based team in 1999 as an Equity Analyst before being promoted to the role of Domestic Equities Manager in May 2001 and then to Senior Portfolio Manager in April 2012. James achieved Honours in his Masters of Commerce degree, completed the Diploma NZSE course and a Bachelor of Commerce. James is a member of the Institute of Finance Professionals (INFINZ) and sits on the Australasian Corporate Reporting Users' Forum (CRUF).

#### Michael Sherrock

Michael is Portfolio Manager at Nikko AM NZ and is responsible for the Property Fund, a wholesale fund not offered directly to the public. In addition to the Property sector, Michael also covers Energy, Materials and Retirement sectors and provides backup for quantitative analysis and the Telecommunications, IT and Media sectors. Since joining the workforce in 1997, Michael has held various roles within the finance industry including Schroders in the UK and ASB Group Investments in New Zealand before joining Nikko AM NZ in 2006 as an Analyst in the domestic equity team. Michael is a CFA charter-holder and has a Bachelor of Commerce degree from the University of Auckland.

#### Michael De Cesare

Michael is a Portfolio Manager responsible for the SRI Fund (a wholesale only fund), and primary responsibility for the Consumer Discretionary and Consumer Staples sectors. He covers Industrials and Property sectors as the secondary analyst and provides quantitative analysis. Michael's past employers include ANZ Institutional Bank and Fortis Investments, London before joining Nikko AM in 2012. Michael is a Chartered Alternative Investment Analyst (CAIA) and holds a First Class Honours degree in Industrial Economics from the University of Nottingham Business School, United Kingdom.

### Domestic Fixed Interest

#### Fergus McDonald

Fergus is the Head of the Bonds and Currency team at Nikko AM NZ. He is responsible for the investment strategy, performance and compliance of Bond, Cash and Currency mandates. Fergus has been actively involved in the New Zealand financial markets since 1981. Fergus has been with the company or its predecessors since 1990 and joined as a Fixed Interest Manager. Fergus has considerable experience in managing bond portfolios that combine Government stock and derivatives with corporate debt securities. Fergus was instrumental in developing and managing New Zealand's first corporate bond unit trust. Fergus holds a Bachelor of Arts (Economics), from Victoria University of Wellington and a Certificate of Treasury Professionals.

#### Ian Bellew

Ian is one of two Fixed Income Managers in the Bonds and Currency team. Ian joined Nikko AM NZ in 1998 as the Cash Portfolio Manager and was promoted to Fixed Income Manager in January 2012. Ian is responsible for the implementation of investment strategy and day to day management of the fixed income and option portfolios. Ian also contributes to team decision making by analysing economic information and identifying global and domestic trends. Ian holds a Bachelor of Commerce - Finance and Post-Graduate Diploma in Commerce - Finance from the University of Otago.

#### Matthew Johnson

Matthew is also a Fixed Income Manager, and is responsible for the implementation of investment strategy and day to day management of the fixed income funds. Matt brings to the team a diverse background in valuation and strategy. Previously an investment analyst in the Equity Team, Matthew returned to Nikko AM NZ in 2018 after a six-year absence, including almost three years in M&A in Canada's Oil Patch and most recently from The Comfort Group, Auckland where he led strategy. Matthew is a CFA Charterholder with degrees in finance and statistics.

## **Investment Committee Members (Responsible for Global Fixed Interest, Global Equity and Alternative funds)**

**George Carter**  
(bio above)

**Stuart Williams**  
(bio above)

**Fergus McDonald**  
(bio above)

### **James Wesley**

James is Head of Distribution and is responsible for leading Nikko AM's sales, marketing and client servicing functions. James has over 10 years investment management experience gained with multi-national organisations. He joined the company in 2013 after eight years at Threadneedle Investments. While at Threadneedle he was initially based in London as Head of Southern Sales and latterly was Head of Australia – Wholesale. James holds a Bachelor of Business and Graduate Diploma of Business from AUT University and holds the FSA (UK) recognised Certificate in Investment Management.

### **James Rogers**

James is Chief Operating Officer and is responsible for the oversight of all aspects relating to day to day operational functions, including technology, finance, product management and client reporting. He joined the company in 2017, following many years of experience in the financial service industry starting in 1998 with JPMorgan in London and having held senior positions there and also at Morgan Stanley and State Street in the U.K., U.S. and New Zealand. James holds a BA with honours in Economics from the Durham University.

## Contact

Nikko AM NZ can be contacted at:

Nikko Asset Management New Zealand Limited  
Level 9, Vero Centre, 48 Shortland Street, Auckland 1010  
PO Box 3892, Shortland Street, Auckland 1140  
Telephone: 09 307 6363  
Freephone: 0800 303 308  
Facsimile: 09 307 6399  
Email: [NZenquiries@nikkoam.com](mailto:NZenquiries@nikkoam.com)

## 4. Supervisor and custodians

Public Trust is the Scheme's Supervisor. Public Trust is a statutory corporation and Crown entity established in New Zealand by the Public Trust Act 2001.

Public Trust supervises the Scheme Manager's activities. The Supervisor's prime responsibility is that of prudential supervisor, exercising reasonable diligence to ensure compliance of the Scheme with the Trust Deed and the Financial Markets Conduct Act 2013.

A principal role of the Supervisor prescribed by law is to have the investments and other property of the Scheme vested in the name of the Supervisor or its nominee. Public Trust has delegated certain custodial duties to BNP Paribas Fund Services Australasia Pty Limited ("**BNP Paribas**") including safeguarding asset title and the control and operation of all Scheme bank accounts.

### Supervisor's licence

The Supervisor has been granted a licence under section 16(1) of the Financial Markets Supervisors Act 2011 to act as a Supervisor in respect of debt securities and the following registered schemes:

Further information on the Supervisor's licence is available at the Financial Markets Authority's website [www.fma.govt.nz](http://www.fma.govt.nz).

### The Supervisor can be contacted at:

#### Public Trust

Level 9, 34 Shortland Street, Auckland 1010  
PO Box 1598, Shortland Street, Auckland 1140  
Telephone: 03 977 7956  
Email: [CTS.enquiry@publictrust.co.nz](mailto:CTS.enquiry@publictrust.co.nz)

The Supervisor is also registered as a financial service provider under the FSP Act. If you have any queries about this licence, please contact the Supervisor in the first instance.

## 5. Auditors and other advisers

### Auditor

KPMG is the Auditor of the Scheme. KPMG is registered as a Licensed Auditor in accordance with the Auditor Regulation Act 2011.

#### Auditor contact details:

KPMG  
18 Viaduct Harbour Ave,  
Auckland 1140  
[www.kpmg.com/nz/en](http://www.kpmg.com/nz/en)

KPMG is also the auditor of the Manager.

## Other Advisers

We engage a number of specialist firms including our legal advisers Chapman Tripp, Bell Gully, DLA Piper and MinterEllisonRuddWatts.

## 6. Supervisor and manager indemnity

If either we or the Supervisor is held personally liable to any other person in respect of any liability incurred by or on behalf of a Fund, or any action taken or omitted by us or the Supervisor in connection with any Fund (other than in respect of our or the Supervisor's negligence) then we or the Supervisor are entitled to be indemnified or reimbursed out of the assets of the Fund to the full extent of such liability and the costs of any litigation or other proceedings in which such liability has been determined including without limitation legal fees and disbursements in priority to any claims by Investors.

You also indemnify the Supervisor and us for tax paid on income attributed to you by a Fund. This indemnity only applies if the value of the Units you hold in a Fund is insufficient to meet your tax liability.

Please see the Trust Deed for further information in relation to the Supervisor's and our responsibilities and indemnities.

## 7. Market indices, Benchmarks and Investment Objectives

### Market Indices

The following funds have opted to rely on the Financial Markets Conduct (Market Index) Exemption Notice 2018 (the exemption).

Fund Type	Fund name	Assets with Appropriate Market Index (AMI)	Assets with Peer Group Index (PGI)	% Fund's Assets with no AMI or PGI	Market Index
Diversified Fund	Nikko AM Conservative Fund	✓	✓	5%	Composite
Diversified Fund	Nikko AM Balanced Fund	✓	✓	10%	Composite
Diversified Fund	Nikko AM Growth Fund	✓	✓	10%	Composite
Sector Fund	Nikko AM Option Fund			100%	None
Sector Fund	Nikko AM Income Fund	✓		30%	None

### Diversified Funds

For the Nikko AM Conservative Fund, Nikko AM Balanced Fund and Nikko AM Growth Fund (together, "Diversified Funds"), a composite index is used in order to calculate the market index annual return published in each funds fund update. These diversified Funds are made up of:

- Assets, being underlying sector funds, with an appropriate market index; and
- Assets, being underlying sector funds, with a peer group indices and;
- Assets, being underlying sector funds, with no appropriate market index and no identified peer group index.

Nikko AM NZ (the "Manager") believes the use of a composite benchmark for these funds is useful to investors in assessing the performance of each Diversified Fund. The composite market index for each Diversified Fund is made up of the index of the underlying sector funds (where an appropriate market index or peer group index has been identified) multiplied by each respective target investment mix for the underlying sector fund.

The average weighted composite return is then applied to the whole fund. For example, if 90% of the fund has an AMI or PGI with total return of 4.5%, and the remaining 10% of the assets are exempt then the total index return equals 5% (4.5% / 90%).

### Sector Funds

For the Nikko AM Option Fund, the Manager is relying on the exemption. There is no appropriate market index or suitable peer group index that reflects the assets that the Nikko AM Option Fund invests in that would be helpful to investors for assessing movements in the market in relation to the returns of the Nikko AM Option Fund.

For the Nikko AM Income Fund, the Manager is relying on the exemption. This is because up to 40% of the assets in the Nikko AM Income Fund is invested in the Nikko AM Wholesale Option Fund. The Manager has decided, in reliance on the exemption, that there is no appropriate market index or suitable peer group index for the Nikko AM Wholesale Option Fund. The remaining assets of the Nikko AM Income Fund is an investment in the Nikko AM NZ Corporate Bond Fund, for which there is an appropriate market index. The Manager has determined that applying the appropriate market index for the remaining assets of the fund would not accurately reflect the potential movements in the market in relation to the overall returns of the Nikko AM Income Fund, and so is relying on the exemption for the overall Nikko AM Income Fund.

#### Composite Index Components

Diversified Funds underlying Sector Funds	Appropriate Market Index (AMI) or Peer Group Index (PGI)	Diversified Fund Composite Index Components		
		Nikko AM Conservative Fund	Nikko AM Balanced Fund	Nikko AM Growth Fund
Nikko AM Wholesale NZ Cash Fund	Bloomberg NZBond Bank Bill Index <i>(AMI)</i>	✓	✓	n/a
Nikko AM Wholesale NZ Bond Fund	Bloomberg NZBond Composite 0+ year Index <i>(AMI)</i>	✓	✓	n/a
Nikko AM Wholesale NZ Corporate Bond Fund	Bloomberg NZBond Credit 0+ year Index <i>(AMI)</i>	✓	✓	✓
Nikko AM Wholesale Global Bond Fund	Bloomberg Barclays Global Aggregate Index hedged into NZD <i>(AMI)</i>	✓	✓	✓
Nikko AM Wholesale Core Equity Fund	S&P/NZX 50 Index Gross with Imputation Credits <i>(AMI)</i>	✓	✓	✓
Nikko AM Wholesale Concentrated Equity Fund	S&P/NZX 50 Index Gross with Imputation Credits <i>(AMI)</i>	n/a	✓	✓
Nikko AM Wholesale Property Fund	S&P/NZX All Real Estate (Industry Group) Gross Index with Imputation Credits <i>(AMI)</i>	✓	✓	n/a
Nikko AM Wholesale Global Shares Fund Unhedged	MSCI ACWI, with net dividends reinvested unhedged in NZD <i>(AMI)</i>	✓	✓	✓
Nikko AM Wholesale Global Shares Fund Hedged	MSCI ACWI, with net dividends reinvested 139% hedged to NZD <i>(AMI)</i>	✓	✓	✓
Nikko AM Wholesale Option Fund	<i>No appropriate market index or peer group index, relying on the exemption</i>	Exempt	Exempt	Exempt
JPMorgan Funds - Multi-Manager Alternatives Fund	Multi-Manager Alternatives Fund–Eurekahedge Fund of Funds Index unhedged USD <i>(PGI)</i>	✓	✓	✓

For details of the target asset allocation to each of the above underlying sector funds, please see the Nikko AM Investment Scheme Statement of Investment Policies and Objectives.

## Benchmark and Investment Objectives

The Investment Objectives for each of the funds is defined in the Nikko AM NZ Investment Scheme Statement of Investment Policies and Objectives. The table below outlines the Benchmark, Investment Objective and Appropriate Market Index for each fund.

Nikko AM NZ Investment Scheme Funds	Benchmark	Investment Objective*	Appropriate Market Index, Peer Group Index
Nikko AM NZ Cash Fund	Bloomberg NZBond Bank Bill Index	Benchmark + 0.20% p.a.	AMI - As per Benchmark
Nikko AM NZ Bond Fund	Bloomberg NZBond Composite 0+ year Index	Benchmark + 0.60% p.a.	AMI - As per Benchmark
Nikko AM NZ Corporate Bond Fund	Bloomberg NZBond Credit 0+ year Index	Benchmark + 0.70% p.a.	AMI - As per Benchmark
Nikko AM Global Bond Fund	Bloomberg Barclays Global Aggregate Index hedged into NZD	Benchmark + 1.00% p.a.	AMI - As per Benchmark
Nikko AM Income Fund	Composite - of all underlying funds benchmarks see SIPO	A return of 6.5% p.a.	Exempt - See above
Nikko AM Core Equity Fund	S&P/NZX 50 Index Gross with Imputation Credits	Benchmark + 3.00% p.a.	AMI - As per Benchmark
Nikko AM Concentrated Equity Fund	RBNZ Official Cash Rate + 5.00% p.a.	Benchmark	AMI - S&P/NZX 50 Index Gross with Imputation Credits
Nikko AM Global Shares Fund	MSCI ACWI, with net dividends reinvested unhedged in NZD	Benchmark + 3.00% p.a.	AMI - As per Benchmark
Nikko AM Global Equity Unhedged Fund	MSCI ACWI, with net dividends reinvested unhedged in NZD	Benchmark + 3.00% p.a.	AMI - As per Benchmark
Nikko AM Global Equity Hedged Fund	MSCI ACWI, with net dividends reinvested 139% hedged to NZD	Benchmark + 3.00% p.a.	AMI - As per Benchmark
Nikko AM Option Fund	Bloomberg NZBond Bank Bill Index + 4.00% p.a.	Benchmark	Exempt - See above
Nikko AM Conservative Fund	Composite - of all underlying funds benchmarks see SIPO	Benchmark + 1.00% p.a.	Composite - See above
Nikko AM Balanced Fund	Composite - of all underlying funds benchmarks see SIPO	Benchmark + 1.50% p.a.	Composite - See above
Nikko AM Growth Fund	Composite - of all underlying funds benchmarks see SIPO	Benchmark + 2.00% p.a.	Composite - See above

\*In all cases the Investment Objective is to outperform the specified rate over a rolling three year period before fees, expenses and taxes

## Where to find more information

More information about these benchmarks and market indices can be found at the following web pages:

- S&P/NZX Indices: <http://us.spindices.com/regional-exposure/asia-pacific/new-zealand>
- S&P/ASX Indices: <http://www.asx.com.au/products/indices.htm>
- Bloomberg Barclays Indices: <https://www.bloomberg.com/markets/rates-bonds/bloomberg-barclays-indices>
- MSCI Indices: <https://www.msci.com/indexes>
- Bloomberg Indices: <http://www.bloombergindices.com>
- Eureka Indices: <http://www.eurekahedge.com/indices>
- ICE Libor: <https://www.theice.com/iba/libor>

The use of market related indices may be subject to certain terms and conditions related to licence agreements entered into with an index provider. The relevant index disclaimers are provided in Appendix A

## 8. Valuations

The Net Asset Value of each fund is calculated by deducting from the market value of the investments of the relevant fund, the liabilities of the fund and other provisions we think are necessary or desirable for accrued or contingent outgoings, liabilities or losses of the fund.

Each fund is valued at least daily. We may value a fund less frequently only in situations where for reasons beyond our control, valuation is impossible or impracticable for the day in question.

We may, with the approval of the Supervisor, make special determinations of the Net Asset Value of a fund if we consider that special circumstances have arisen to warrant such a determination.

The Manager will determine the market value of each investment and the Net Asset Value of each fund in accordance with the Trust Deed and on a consistently applied basis.

We have agreed with the Supervisor a compensation policy that will apply in the event that a material unit pricing error or material non-compliance with a pricing methodology requires correction. Under the current policy a material error (unless the Manager and the Supervisor agree otherwise) is an error that equals or exceeds 0.30% in relation to any fund. Where agreed with the Supervisor, we may agree not to pay compensation to you for an amount less than \$20 (or such other amount as the Manager and the Supervisor may agree from time to time).

## 9. Explanation of expenses cap

Our Trust Deed sets no limit on the amount which can be deducted from a fund to recover expenses. However, we apply a self-imposed "expenses cap" on general expense payments from the Funds.

Expenses (exclusive of management fees, capital markets transactional costs and any performance fees) will be recognised on an accrual basis as being due up to the end of each accounting period. In keeping the expense ratio of the funds at a competitive level, we will limit general expenses for each fund (except the Nikko AM NZ Cash Fund) to a maximum of 0.25% per annum (excluding GST) of the Net Asset Value of each respective Fund measured daily.

The Nikko AM NZ Cash Fund has an expenses cap of 0.15% per annum (excluding GST).

The expenses caps do not include any extraordinary expenses.

For the purposes of calculating the expenses cap, "general expenses" include Trustee fees, Custodian fees, audit fees, legal fees, bank charges, expenses incurred by the Trustee, regulatory charges (including any levies) and other expenses allowed by our Trust Deed.

## 10. Estimate of underlying fund fees

### **Nikko AM Conservative Fund, Nikko AM Balanced Fund and Nikko AM Growth Fund**

The Nikko AM Conservative, Nikko AM Balanced and Nikko AM Growth Funds invest in underlying funds that charge fees and expenses that are variable and therefore estimated in the relevant PDSs.

### **JPMorgan Funds – Multi-Manager Alternatives Fund (“JPMMMA Fund”)**

The Nikko AM Conservative, Nikko AM Balanced and Nikko AM Growth Funds invest, via other Nikko AM funds, in the JPMMMA Fund, an unrelated party. Fund fees and expenses and underlying fund manager fees in the JPMMMA Fund are capped at 2.2% p.a. We have therefore estimated these fees at 2.2% p.a.

### **Nikko AM Wholesale Option Fund Performance Fee**

The Nikko AM Conservative, Nikko AM Balanced and Nikko AM Growth Funds invest, via other Nikko AM funds, in the Nikko AM Wholesale Option Fund (a fund managed by Nikko AM), which charges a performance fee, as disclosed in the relevant PDS.

To estimate the future performance fees, Nikko AM NZ uses a rolling 5-year average of the actual performance fees charged by the Nikko AM Wholesale Option Fund.

### **Nikko AM Wholesale Concentrated Fund Performance Fee**

The Nikko AM Balanced and Nikko AM Growth Funds invest, via other Nikko AM funds, in the Nikko AM Wholesale Concentrated Equity Fund (a fund managed by Nikko AM), which charges a performance fee, as disclosed in the relevant PDS. In estimating the future performance fees, we assume the return of the Nikko AM Wholesale Concentrated Equity Fund is in line with the estimated return of the NZ equities market, that assumption being provided to us by an independent consultant. To estimate the future performance fees we compare this assumption to the Nikko AM Wholesale Concentrated Equity Fund’s performance objective to ascertain the estimated performance fee.

## **GST**

GST is not included in any of the underlying fund fees. GST will be added to the fees where relevant.

## 11. How we can change your investment

We can change any fees or introduce new fees in respect of a fund at any time. If we increase any fee or introduce a new fee, we will give the investor one month’s notice in advance. We may also alter the minimum investment and withdrawal amounts, any notice periods and introduce buy/sell prices. We can also close or wind up a fund.

We may amend the provisions of the Trust Deed with the agreement of the Supervisor. Any such changes can be made only under certain circumstances outlined in the Trust Deed.

We may also amend the SIPO for the Scheme, including benchmark asset allocations and ranges, in consultation with the Supervisor.

The investor will be notified of any material changes to the Trust Deed or the SIPO where required by the Trust Deed or law, as set out in the relevant Fund’s PDS.

## 12. Material contracts

The following is summary of the contracts that we consider to be material in relation to the funds.

### Trust Deed

The Trust Deed is an agreement between Nikko AM NZ and the Supervisor which came into effect on 1 July 2016. The Trust Deed governs the establishment and management of the funds and the relationships between us and the Investors, and between us and the Supervisor.

The Trust Deed is available on the scheme register on the Disclose website at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

### Supervisor Agreement

The Supervisor Agreement is supplementary to the Trust Deed.

It specifies our agreement with the Supervisor regarding reporting and information to be provided by us to the Supervisor.

Nothing in the Supervisor Agreement – Retail limits or alters the powers of the Supervisor or our duties under the Trust Deed and applicable law.

### Investment Management Agreement

#### Goldman Sachs Asset Management Australia Pty Limited (“GSAM”)

We have entered into an Investment Management Agreement with GSAM dated 3 May 2012. This Agreement employs GSAM as an underlying fund manager to manage the investments of our Nikko AM Wholesale Global Bond Fund given their expertise and presence in the relevant jurisdictions. We receive monthly updates on the holdings, valuations and status of the fund. We can terminate the Investment Management Agreement at any time at 60 days’ notice.

#### Nikko Asset Management Europe Limited (“NAME”)

We have entered into an Investment Management Agreement with NAME dated 26 June 2017. The Agreement employs NAME as an underlying fund manager to manage the investments of our Nikko AM Wholesale Global Shares Fund given their expertise and presence in the relevant jurisdictions. We receive monthly commentary on performance and updates on the holdings of the fund. We can terminate the Investment Management Agreement at any time at 10 business days’ notice.

### Delegation agreement – Global Equity Funds

We have entered into an Agreement with Nikko Asset Management Limited (“NAM Limited”) (our sister company based in Sydney) dated 8 November 2013. This Agreement delegates strategy and implementation to NAM Limited for the Nikko AM Wholesale Global Equity Unhedged Fund. The decision on appointment of the underlying fund managers to manage the investments of the Nikko AM Wholesale Global Equity Unhedged Fund remains with us, but is implemented by NAM Limited. NAM Limited provide us with monthly updates on the holdings, valuations and status of the fund. We can terminate the delegation agreement at any time at 30 days’ notice and termination/appointment of the underlying fund managers remains at our discretion.

### Administration Agreement

The Administration Agreement is a contract between us and BNP Paribas (“Administration Manager”) dated 27 June 2011. This Agreement appoints the Administration Manager as an administrator to perform middle office services including:

- Transaction and Derivatives Management including non market transactions
- Corporate Actions
- Reconciliations
- Pricing and Fund Valuations
- Accounting and Financial Reporting
- Tax
- Unit Pricing
- Performance Analytics
- Mandate Compliance

When required, the Administration Manager also assists us with the preparation of annual financial statements for the funds.

### **Unit Registry Agreement**

The Unit Registry Agreement is a contract between us and MMC Limited, dated 17 November 2017. This agreement appoints MMC Limited as the Unit Registrar for all Nikko AM NZ funds.

### **International Swaps and Derivatives Association (ISDA) Master Agreements and Appendices**

The Nikko AM Option Fund invests in the Nikko AM Wholesale Option Fund managed by us. The Nikko AM Wholesale Option Fund utilises multiple ISDA Master Agreements entered into on the fund's behalf by either Nikko AM NZ or the trustee of the fund. The ISDA Master Agreements set out the standard terms that apply to the transactions entered into by Nikko AM NZ on behalf of the Nikko AM Wholesale Option Fund. These ISDA Master Agreements establish lines of credit for the Nikko AM Wholesale Option Fund, and can be terminated at any time by either Nikko AM NZ or the relevant counterparty.

## **13. Financial statements and auditor's report**

In line with the 'three lines of defence' model, the Nikko AM Audit Committee conducts the annual internal audit which includes reviews on compliance management processes, procedures, systems and management controls. All audit reports are issued to our Board and Compliance, Risk and Disclosure Committee.

The Administration Manager provides us with quarterly compliance assurance reports as well as semi-annually ISAE3402 independent audit assurance on their operational controls and effectiveness.

KPMG is the auditor of both the Scheme and the Manager.

Financial statements for the Funds are available on the scheme register on the Disclose website [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

## 14. Deferral and suspension of withdrawals

### Deferral

We may defer withdrawals if we receive withdrawal requests over a period of 3 months totalling more than 5% of the total Units on issue in a fund and we consider it is in investors' interests to defer immediate withdrawal. In this event we will allow withdrawal by instalments over a period which we consider appropriate. The timeframe will be determined by circumstances existing on capital markets.

In addition, we may take any action we think appropriate to ensure a fund remains eligible to be a PIE. These steps include to compulsorily withdraw your Units and pay the proceeds to your nominated bank account.

### Suspension

We may suspend your right to withdraw Units in any fund if we receive withdrawal requests totalling more than 20% of the Units on issue in that fund over a three month period.

If we take this action, we must notify the Supervisor of our intention to suspend redemptions and send all Investors a suspension notice. If we wish to suspend redemptions for more than six months from the date of the notice, we are obliged to immediately call an Investor meeting to consider winding up the relevant fund or take action which Investors consider appropriate.

In addition, we may also defer or suspend the withdrawal of any Units in a fund where:

- There is a material adverse change in the position (financial or otherwise) of either ourselves or the fund;
- There is a material adverse change in domestic or international financial markets;
- There is any other material adverse reason relating to the fund, ourselves or the Supervisor.

In this event, the Supervisor must be notified. Again, if we wish to suspend for more than six months we must also call a meeting of Investors to consider winding up the relevant fund or take such action as Investors see fit.

## 15. Risks

All investments carry some level of risk. Past performance is not necessarily an indication of future returns.

The main types of risks that Investors face are that they may not receive the returns they expect, that the capital value of their investments may end up less than they originally invested, or that they may be unable to get back their money when they need it.

There is a link between the risk of an investment and the likely return the investment will provide. Generally, the higher the risk, the greater the potential return will be for Investors. The converse also applies: the lower the risk, the lower the expected return. However, returns offered on investments are also affected by fees and expenses charged in connection with the investment, which should be taken into account when comparing returns.

Each type of investment has its own characteristic mix of risk and return. However, the particular risks and returns for any type of investment at any time depend on fluctuating market conditions, as well as the soundness and risk management practices of the investment manager.

There is a risk, particularly in the short to medium term, that if any of the risks eventuate, you may receive less than the amount you paid for your Units.

Risks are outlined in the relevant fund's PDS.

## 16. Taxation

This section briefly summarises the New Zealand taxation regime. It is intended as a general guide only. All Investors have different taxation positions and should seek their own tax advice prior to investing.

### Portfolio Investment Entities

Each fund has elected to be a Portfolio Investment Entity (PIE).

Under the PIE tax regime, each fund will attribute income to its Investors and, where applicable, pay tax on attributed income on behalf of Investors with a Notified Investor Rate (NIR) of greater than zero.

Each fund will pay the PIE tax deducted from an Investor to Inland Revenue (IRD). The amount of tax payable by a fund will be the total of the PIE tax liability of all Investors in that fund collectively.

The PIE tax liability paid by a fund on your behalf will be a final tax as long as you have provided your correct Prescribed Investor Rate (PIR) to us. A PIR once notified becomes an NIR. If you do not notify your PIR at all then the NIR applied will be the default maximum rate (see 'Individuals' and 'Non-Individuals' below).

### Individuals

If you are an individual, the PIR will be 10.5%, 17.5% or 28% (see also the final paragraph under 'Additional PIR Information' below).

To qualify for a 10.5% or 17.5% PIR, you must be a New Zealand tax resident, provide us with a valid IRD number and meet the following criteria in either of the two immediately prior tax years (a tax year is the 12 month period from 1 April to 31 March).

If the taxable income is:	And taxable income plus PIE income of:	Then the PIR rate that applies is:
\$0 – \$14,000	\$0 – \$48,000	10.5%
\$0 – \$14,000	\$48,001 – \$70,000	17.5%
\$14,001 – \$48,000	\$14,001 – \$70,000	17.5%
\$48,001 and over	Any	28%
Any	\$70,001 and over	28%

(Note that, if for the previous two tax years you qualify for two rates, your PIR is the lowest rate.)

If you do not qualify for the 10.5% or 17.5% PIR, then your PIR will be 28%. If you have provided your correct PIR, the maximum tax rate for an individual in a Fund is 28%, notwithstanding that their marginal tax rate is 30% or 33%.

You must advise us of your PIR and valid IRD number when you apply to invest in a Fund. You must also notify us if your PIR changes at any time. If you do not provide your PIR to us you will automatically be taxed at the default maximum rate of 28% on your attributed income from a Fund.

If you have provided your correct PIR you will not be required to file an income tax return in relation to the taxable income from a Fund. As such, the income will have no effect on any student loan payments or child support payments you may receive.

Income attributed by the fund or certain other trusts to you will be included as family scheme income for the determination of Working for Families tax credits.

If you have provided us with the wrong PIR or failed to advise a change of PIR, then we may either overpay or underpay tax on your behalf. Where you are eligible for a lower PIR than that notified to us and an overpayment of PIE tax occurs, the IRD will not refund any overpayment. Where you notify a PIR lower than the correct rate to us and an underpayment of PIE tax occurs, you will be personally liable for additional income tax (up to your marginal tax rate, which may exceed 28%) as well as any relevant penalties and interest which may apply.

### Non individuals

Non individual Investors (e.g. a company, a charity or a portfolio investor proxy) who provide us with a valid IRD number will have a PIR of 0%. If you are investing on behalf of one of these entities and you do not provide us with a valid IRD number, the default PIR of 28% will apply. If the entity has a PIR of 0% you must account for tax on its attributed taxable income from the fund in its own income tax return unless it is tax exempt.

If a non individual Investor is a trust their PIR will be 0% unless the trustees of the trust elect to apply a 28% PIR, a 17.5% PIR or a 10.5% PIR (which is only available to certain testamentary trusts). However, if you do not provide a valid IRD number for the trust, the PIR will be the default PIR of 28%. If the 0%, 10.5% or 17.5% PIR applies, the trust must account for any attributed taxable income from a fund within its own income tax return (at the appropriate tax rate) or distribute it as beneficiary income. PIE tax paid is available as a credit against tax payable by either the trust or the beneficiaries. If a trust chooses a 28% PIR, we will pay tax at the 28% rate and that will be a final tax.

## Custodial Investors

Special provisions apply for custodians who hold legal title to Units on behalf of underlying Investors who have provided funds for the Units held by the custodian. Such custodian may give notice to the fund that the custodian is a Proxy. If you invest through a custodian who has elected to be a Proxy, then neither ourselves nor the Trustee will undertake the following responsibilities, which will instead be undertaken by the custodian:

- Calculating and organising payment of tax liability on income attributed to the Proxy by applying the PIRs of the underlying Investors;
- Making adjustments to the Units held on behalf of underlying investors (by requesting the redemption of Units) or the distributions (if any) made to underlying investors or requiring payments to be made by the underlying investors which reflect the tax liability on income attributed to the underlying investors;
- Organising the provision of returns and other information to the IRD;
- Providing us any information concerning the underlying investors that may be relevant to whether the fund continues to meet PIE eligibility requirements.

We may require Proxies to enter into contractual arrangements with us regarding compliance by Proxies with tax requirements.

## Foreign residents

If you are not a New Zealand resident your attributed income from a fund will be taxed at 28%. We will account to the IRD directly for tax on your attributed income from a fund, so any income distributed to you will be net income.

Funds known as “foreign investment zero rate PIEs” and “foreign investment variable rate PIEs” are intended to reduce taxation of foreign investors’ investment in PIEs. We do not currently offer these types of funds as most of our investors are New Zealand residents.

We recommend non New Zealand residents seek their own independent professional taxation advice.

## Additional PIR information

For joint Investors the PIR applied to the attributed income allocated to your PIE holding will be the highest PIR applicable to any of you.

Please note that the IRD may notify us to disregard an Investor’s notified PIR and instead apply a different PIR.

## Investments not subject to Foreign Investment Fund (FIF) Regime

As long as any of the funds remains a PIE, that fund will not be subject (where applicable) to tax on any capital gains made on the disposition of shares held in New Zealand resident companies or certain Australian resident companies listed on an approved Australian Stock Exchange index.

## Investments subject to FIF Regime (FDR applies)

Certain foreign equities (where applicable) will in most instances be taxed under the fair dividend rate (FDR) method. Under this method, a fund will calculate taxable income based on 5% of the market values of offshore equities, calculated on a daily basis. Any dividends (or profits from sale of shares) will not be taxed separately. However, a fund will still be entitled to a credit for foreign withholding tax paid on dividends received on equities, subject to certain limits.

Under FDR, any losses in respect of holdings in overseas shares are not deductible to a fund for tax purposes.

## Other Non-Equity Investments

Other income of a fund will be subject to the relevant normal tax rules. Tax may be imposed in overseas jurisdictions in relation to overseas investments (although this may give rise to a tax credit in New Zealand).

## Tax Credits

If there is a tax loss or there are excess tax credits attributed to Investors who have notified a PIR of greater than zero for a period, these will generally be available to you in the form of a tax credit. Upon receipt of the monies from Inland Revenue, a fund will either re-invest this tax credit by purchasing units in that fund on your behalf in respect of annual attributions (as at 31 March) or include it in the net proceeds payable to you or applied on your behalf as a result of a full withdrawal. For non-individuals with a 0% PIR, the tax loss may be available for offset in that Investor's tax return against other income, with any excess available to carry forward.

## Switches

A switch is regarded as a withdrawal from an investment and an acquisition of a new investment. If you make an application to withdraw or switch, the Manager will deduct any PIE tax required from the amount that is withdrawn or switched between the funds and pay such PIE tax to Inland Revenue.

## Distributions and Withdrawals

Distributions are not subject to any tax. The amount paid on the withdrawal of Units is not subject to any tax. However, if you have a PIR greater than 0%, we may cancel Units to meet the relevant PIE tax liability for the period up to the time of withdrawal.

## Sale of Units

The tax treatment of sales of Units in the funds depends on your tax status. Generally the profit on sales will be taxable if you:

- Acquired Units with the purposes of disposing of them;
- Are a dealer in investments of the same kind as the Units and acquire the Units for the purpose of that business;
- Are engaged in a business, an ordinary occurrence of which is the sale of investments of the same kind as the Units.

## Returns and Payment of Tax to IRD

The funds will return Investors' PIE tax to the IRD annually.

The funds will pay tax on behalf of Investors at different rates and may receive tax credits which are only attributable to certain Investors. Accordingly, to maintain equity between Investors, we will either:

- adjust the units held by Investors (by redeeming units equal in value to the tax paid by a fund in respect of them, or by issuing additional units equal in value to their share of any credits); or
- adjust the withdrawal entitlement of tax paid by Investors (by deducting the amount of PIE tax paid in respect of them).

If your account balance is insufficient to meet the PIE tax liability, then the Trustee and ourselves are indemnified by the Investor for the shortfall.

There may always be future changes to the taxation legislation and tax rates which may impact each Investor differently. You should always seek independent professional tax advice suitable to your individual circumstances.

## 17. Investing through a Portfolio Investor Proxy (PIP) or another custodial service

Investment in the funds is available via financial advisors, who use a custodial or proxy service, as well as sites such as InvestNow. If you invest through such services, you will not become a direct Investor in the funds and will not have a direct relationship with us or the Supervisor. Rather, the PIP or the Custodial Service has the direct relationship with us and will be able to exercise any rights attached to Units held. You will have a direct investment relationship with your PIP or the Custodial Service.

A PIP or the Custodial Service will have an agreement with you governing the terms of the custodial arrangement. Although you do not become a registered Investor in a fund, you are entitled to rely on the PDS, this Document and any other information on the Disclose register in respect of the offer of Units in the fund.

Reports, notices and other documentation will be sent directly to the PIP or the Custodial Service and all correspondence will be conducted by us with the PIP or the Custodial Service.

The PIP or the Custodial Service will have entered into an arrangement with us in respect of the funds. The PDS, this Document and any other information on the Disclose register outline the terms and conditions of investment in the funds made by a PIP or the Custodial Service, which may have been varied by such an arrangement. You should contact your PIP or the Custodial Service to ascertain whether any variations have been agreed between us and them.

You should ascertain from your PIP or the Custodial Service:

- whether any minimum investments or minimum withdrawals (other than those specified in the PDS) have been agreed between us and the PIP;
- the minimum amount that the PIP or Custodial Service requires to be invested and the consequences of failing to maintain that minimum amount;
- whether there are any timing cut-off times for transacting (e.g. applications and withdrawals); and
- whether any fees and charges are payable to the PIP or the Custodial Service (in addition to fees and charges set out in the PDS).

## Appendix A

### Disclaimers

**S&P:** The S&P Indices are a product of S&P Dow Jones Indices LLC ("SPDJI"), and has been licensed for use by Nikko Asset Management New Zealand Limited. Standard & Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); S&P, S&P500 and S&P/ASX 200 are trademarks of the Standard & Poor's Financial Services LLC ("S&P"), a part of McGraw Hill Financial Inc.; and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by Nikko Asset Management New Zealand Limited. Nikko Asset Management New Zealand Limited's Products are not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions, or interruptions of the S&P Indices.

**MSCI:** This scheme is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "MSCI parties"). The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by Nikko Asset Management New Zealand Limited. None of the MSCI parties makes any representation or warranty, express or implied, to the issuer or owners of this scheme or any other person or entity regarding the advisability of investing in funds generally or in this scheme particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to this scheme or the issuer or owners of this scheme or any other person or entity. None of the MSCI parties has any obligation to take the needs of the issuer or owners of this scheme or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this scheme to be issued or in the determination or calculation of the equation by or the consideration into which this scheme is redeemable. Further, none of the MSCI parties has any obligation or liability to the issuer or owners of this scheme or any other person or entity in connection with the administration, marketing or offering of this scheme. Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indexes from sources that MSCI considers reliable, none of the MSCI parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI parties makes any warranty, express or implied, as to results to be obtained by the issuer of the scheme, owners of the scheme, or any other person or entity, from the use of any MSCI index or any data included therein. None of the MSCI parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI parties makes any express or implied warranties of any kind, and the MSCI parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

**BLOOMBERG BARCLAYS:** BLOOMBERG is a trademark and service mark of Bloomberg Finance L.P. BARCLAYS is a trademark and service mark of Barclays Bank Plc, used under license. Bloomberg Finance L.P. and its affiliates (collectively, "Bloomberg") or Bloomberg's licensors own all proprietary rights in the BLOOMBERG BARCLAYS INDICES. Neither Bloomberg nor Barclays Bank Plc or Barclays Capital Inc. or their affiliates (collectively "Barclays") guarantee the timeliness, accuracy or completeness of any data or information relating to BLOOMBERG BARCLAYS INDICES or make any warranty, express or implied, as to the BLOOMBERG BARCLAYS INDICES or any data or values relating thereto or results to be obtained therefrom, and expressly disclaims all warranties of merchantability and fitness for a particular purpose with respect thereto. It is not possible to invest directly in an index. Back-tested performance is not actual performance. Past performance is not an indication of future results. To the maximum extent allowed by law, Bloomberg and its licensors, and their respective employees, contractors, agents, suppliers and vendors shall have no liability or responsibility whatsoever for any injury or damages - whether direct, indirect, consequential, incidental, punitive or otherwise - arising in connection with BLOOMBERG BARCLAYS INDICES or any data or values relating thereto - whether arising from their negligence or otherwise. This document constitutes the provision of factual information, rather than financial product advice. Nothing in the BLOOMBERG BARCLAYS INDICES shall constitute or be construed as an offering of financial instruments or as investment advice or investment recommendations (i.e., recommendations as to whether or not to "buy," "sell," "hold" or enter into any other transaction involving a specific interest) by Bloomberg or its affiliates or licensors or a recommendation as to an investment or other strategy. Data and other information available via the BLOOMBERG BARCLAYS INDICES should not be considered as information sufficient upon which to base an investment decision. All information provided by the BLOOMBERG BARCLAYS INDICES is impersonal and not tailored to the needs of any specific person, entity or group of persons. Bloomberg and its affiliates express no opinion on the future or expected value of any security or other interest and do not explicitly or implicitly recommend or suggest an investment strategy of any kind. In addition, Barclays is not the issuer or producer of the BLOOMBERG BARCLAYS INDICES and has no responsibilities, obligations or duties to investors in these indices. While Bloomberg may for itself execute transactions with Barclays in or relating to the BLOOMBERG BARCLAYS INDICES, investors in the BLOOMBERG BARCLAYS INDICES do not enter into any relationship with Barclays and Barclays does not sponsor, endorse, sell or promote, and Barclays makes no representation regarding the advisability or use of, the BLOOMBERG BARCLAYS INDICES or any data included therein. Customers should consider obtaining independent advice before making any financial decisions. ©2016 Bloomberg Finance L.P. All rights reserved.

**ICE LIBOR:** ICE Benchmark Administration Limited makes no warranty, express or implied, either as to the results to be obtained from the use of ICE LIBOR and/or the figure at which ICE LIBOR stands at any particular time on any particular day or otherwise. ICE Benchmark Administration Limited makes no express or implied warranties of merchantability or fitness for a particular purpose in respect of any use of ICE LIBOR.

**EUREKAHEDGE FUND OF FUNDS:** The information is provided on an "as is" basis and you assume and will bear all risk or associated costs in its use, and neither Eureka hedge nor its affiliates provide any express or implied warranty or representations as to originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for any purpose.