

Annual Report

NIKKO AM NZ INVESTMENT SCHEME

31 March 2020

Prepared on 28 August 2020

Issued by Nikko Asset Management
New Zealand Limited

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on www.business.govt.nz/disclose. Nikko Asset Management New Zealand Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you to make an investment decision.

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Image: Abstract aerial view of river bed, Canterbury Plains, Christchurch, NZ.

Details of scheme

Scheme name

Nikko AM NZ Investment Scheme

Scheme type

Managed Investment Scheme

Manager:

Nikko Asset Management New Zealand Limited

Supervisor:

Public Trust

Latest PDS:

Fund Name	Latest PDS (as at 31 March 2020)
Nikko AM Cash and Fixed Interest Funds	17 March 2020 – Open for applications
- Nikko AM NZ Cash Fund	
- Nikko AM NZ Corporate Bond Fund	
- Nikko AM NZ Bond Fund	
- Nikko AM Income Fund	
- Nikko AM Global Bond Fund	
Nikko AM Domestic Equity Funds	17 March 2020– Open for applications
- Nikko AM Core Equity Fund	
- Nikko AM Concentrated Equity Fund	
Nikko AM Global Equity Funds	17 March 2020– Open for applications
- Nikko AM Global Equity Hedged Fund	
- Nikko AM Global Equity Unhedged Fund	
- Nikko AM Global Shares Fund	
- Nikko AM Global Shares Hedged Fund	
Nikko AM Diversified Funds	17 March 2020 – Open for applications
- Nikko AM Growth Fund	
- Nikko AM Balanced Fund	
- Nikko AM Conservative Fund	
Nikko AM ARK Disruptive Innovation Fund	17 March 2020 – Open for applications
Nikko AM Option Fund	17 March 2020 – Open for applications

Latest fund updates:

Fund Name	Latest fund Update
Nikko AM ARK Disruptive Innovation Fund	Quarter ended 31 March 2020
Nikko AM Balanced Fund	Quarter ended 31 March 2020
Nikko AM Concentrated Equity Fund	Quarter ended 31 March 2020
Nikko AM Conservative Fund	Quarter ended 31 March 2020
Nikko AM Core Equity Fund	Quarter ended 31 March 2020
Nikko AM Global Bond Fund	Quarter ended 31 March 2020
Nikko AM Global Equity Hedged Fund	Quarter ended 31 March 2020
Nikko AM Global Equity Unhedged Fund	Quarter ended 31 March 2020
Nikko AM Global Shares Fund	Quarter ended 31 March 2020
Nikko AM Global Shares Hedged Fund	Quarter ended 31 March 2020
Nikko AM Growth Fund	Quarter ended 31 March 2020
Nikko AM Income Fund	Quarter ended 31 March 2020
Nikko AM NZ Cash Fund	Quarter ended 31 March 2020
Nikko AM NZ Bond Fund	Quarter ended 31 March 2020
Nikko AM NZ Corporate Bond Fund	Quarter ended 31 March 2020
Nikko AM Option Fund	Quarter ended 31 March 2020

Each fund's 31 March 2020 financial statements and auditor's report have been lodged with the Registrar.

Information on contributions and scheme participants

The number of managed investment products on issue was 14 at 1 April 2019 and 16 at 31 March 2020. The units for each of the managed investment products are:

Fund Name	Units on Issue as of 31 March 2019	Units on Issue as of 31 March 2020
Nikko AM ARK Disruptive Innovation Fund	-	256,365
Nikko AM Balanced Fund	1,532,692	10,340,819
Nikko AM Concentrated Equity Fund	25,296,242	18,058,618
Nikko AM Conservative Fund	771,055	5,829,936
Nikko AM Core Equity Fund	10,542,742	12,218,817
Nikko AM Global Bond Fund	19,805,882	28,856,005
Nikko AM Global Equity Hedged Fund	26,624,659	22,155,331
Nikko AM Global Equity Unhedged Fund	57,685,182	49,982,142
Nikko AM Global Shares Fund	587,665	5,694,966
Nikko AM Global Shares Hedged Fund	-	7,228,452
Nikko AM Growth Fund	129,748	1,960,974
Nikko AM Income Fund	10,892,390	3,803,710
Nikko AM NZ Cash Fund	121,488,121	205,094,758
Nikko AM NZ Bond Fund	56,976,010	84,543,842
Nikko AM NZ Corporate Bond Fund	109,836,626	148,554,952
Nikko AM Option Fund	68,435	26,223

Changes relating to the scheme

On 10 May 2019 Nikko AM Global Shares Hedged Fund was registered.

On 4 September 2019 Nikko AM ARK Disruptive Innovation Fund was registered. An arm's-length revenue sharing arrangement was entered into between Nikko Asset Management New Zealand Limited, Nikko Asset Management Americas, Inc. and Nikko Asset Management Luxembourg S.A. in order to facilitate the offer.

On 17 March 2020, all Nikko AM Investment Fund PDS' were updated to allow for the charging of Advice and Servicing Fees.

On 18 March 2020 a "Supplemental Deed to the Trust Deed for the Nikko AM NZ Investment Scheme and Nikko AM Wholesale Investment Scheme" was entered into to allow for the charging of Advice and Servicing Fees., for members who wish to pay for financial advice using this mechanism.

On 10 May 2019, the SIPO was updated to reflect changes to the strategic asset allocations (SAAs) for the Nikko AM Growth, Balanced and Conservative Funds, and the change of composite benchmark for these funds.

On 3 September 2019, the SIPO was updated to reflect the launch of the Nikko AM ARK Disruptive Innovation Fund.

The SIPO was updated on 17 December 2019 to reflect the change of investment objective for the Income Fund and fossil fuel threshold restriction updates for Global Shares and Global Shares Hedged investment mandates.

On 29 April 2020 a "Supplemental Deed to the Trust Deed for the Nikko AM NZ Investment Scheme and Nikko AM Wholesale Investment scheme" was entered into to extend the powers to apply buy- sell spreads to ensure that the costs of transactions would fall on those transacting, rather than falling on scheme members who are not transacting.

We confirm that there were no related party transactions entered into during the accounting period that were not on arm's-length terms.

Other information for particular types of managed funds

Fund Name	Unit Price as of 31 March 2019	Unit Price as of 31 March 2020
Nikko AM ARK Disruptive Innovation Fund	-	1.0877
Nikko AM Balanced Fund	1.0513	1.0022
Nikko AM Concentrated Equity Fund	2.3078	2.2261
Nikko AM Conservative Fund	1.0582	1.0539
Nikko AM Core Equity Fund	2.4489	2.3435
Nikko AM Global Bond Fund	1.1909	1.2268
Nikko AM Global Equity Hedged Fund	1.8910	1.6205
Nikko AM Global Equity Unhedged Fund	2.0281	2.1537
Nikko AM Global Shares Fund	1.2669	1.3484
Nikko AM Global Shares Hedged Fund	-	0.8685
Nikko AM Growth Fund	1.0261	0.9660
Nikko AM Income Fund	1.2269	1.0578
Nikko AM NZ Cash Fund	1.0298	1.0291
Nikko AM NZ Bond Fund	1.0575	1.0791
Nikko AM NZ Corporate Bond Fund	1.1917	1.2052
Nikko AM Option Fund	0.9915	0.5812

Changes to persons involved in the scheme

The only reportable changes (for example to the Manager, our directors or key personnel) during the accounting period were:

Regarding the Nikko AM New Zealand Board, the follow changes occurred:

- Craig Donaldson was appointed as an Independent Director on 1 November 2019
- Tracey Berry ceased to be an Independent Director on 16 August 2019
- Tracey Jones was appointed as acting Chair on 14 August 2019, and confirmed as Chair on 16 October 2019.

In November 2019, James Lindsay, Senior Portfolio Manager left Nikko Asset Management New Zealand Limited.

Relating to Public Trust (the supervisor), in the year ending 31 March 2020 the following changes occurred in relation to the board:

- Two new members were appointed as Board Members on 1 Feb 2020 – Kevin Murphy and Meleane Burgess.
- Two retired during the period – Fiona Oliver (on 31 Oct 2019) and Bevan Killick (also on 31 Oct 2019).

How to find further information

Further information relating to the scheme and the managed investment products (including the trust deed, financial statements, SIPOs, the PDS and quarterly fund updates) is available on:

- the Disclose register www.business.govt.nz/disclose
- www.nikkoam.co.nz
- www.goalsgetter.co.nz

Other information we will provide

Information	How to obtain
Latest unit price	The latest unit price is available on our website www.nikkoam.co.nz .
Fund information relevant to you	You can inspect documents we hold that are relevant to you and other documents that are legally required to be provided to you, at our office during normal business hours or request an extract of those documents, by writing to us.
Fund updates	Once available, the fund updates for the Fund will be publicly available from our website – https://www.nikkoam.co.nz/invest/retail – and can be requested from us.

You will not be charged any fee to access this information.

You can find more information about us and the Funds on our website www.nikkoam.co.nz.

Contact details and complaints

Nikko Asset Management New Zealand Limited

Level 17, Vero Centre, 48 Shortland Street, Auckland 1010, New Zealand

PO Box 3892, Shortland Street, Auckland 1140

09 307 6363

NZenquiries@nikkoam.com

www.nikkoam.co.nz

Please direct any enquiries to the "the Managing Director" at the address above.

Public Trust

Manager Client Services

Level 9, 34 Shortland Street, Auckland 1010

Private Bag 5902, Wellington 6140

0800 371 471

CTS.enquiry@publictrust.co.nz

www.publictrust.co.nz/corporate-trustee-services

MMC Ltd (as unit registry provider)

Level 25, QBE Centre

125 Queen Street, Auckland 1010

PO Box 106 039, Auckland City, Auckland 1143

09 309 8926

nikkoregistry@mmcnz.co.nz

How to complain

Any complaints about a fund or the Scheme may be referred to the Manager, the Supervisor or Financial Services Complaints Limited.

The Manager and the Supervisor are both members of the Financial Services Complaints Limited independent dispute resolution scheme which is a scheme approved by the Ministry of Consumer Affairs.

If you have made a complaint to us and it has not been resolved within 40 days or if you are dissatisfied with the proposed resolution, you can refer it to:

Financial Services Complaints Limited

Level 4, 101 Lambton Quay, Wellington 6011

PO Box 5967, Wellington 6140

Freephone 0800 347 257 or 04 472-FSCL

www.fscl.org.nz

Financial Services Complaints Limited will not charge a fee to any complainant to investigate or resolve a complaint. Further information about referring a complaint to Financial Services Complaints Limited can be found at www.fscl.org.nz.