

## Product Disclosure Statement

For an offer of units in the  
**NIKKO AM**  
**FREEDOM FUND**

This is a replacement PDS, which replaces the PDS dated 3 September 2021

Dated 27 September 2023

Issued by Nikko Asset Management  
New Zealand Limited

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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](http://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.

# 1. Key information summary

## What is this?

This is a managed investment scheme. Your money will be pooled with other investors' money and invested in various investments. Nikko Asset Management New Zealand Limited (**Nikko AM NZ, we, us or our**) will invest your money and charge you a fee for our services. The returns you receive are dependent on our investment decisions and the performance of the investments. The value of those investments may go up or down. The types of investments and the fees you will be charged are described in this document.

## What will your money be invested in?

This PDS is an offer of units in the Nikko AM Freedom Fund (the **Fund**). The Fund is established within the Nikko AM NZ Investment Scheme (the **Scheme**). The purpose of this Fund is to utilise your capital to generate returns to help support a charity. The investment is explained below and for more detail on how this investment works please refer to the Other Material Information document available on Disclose.

Fund	Description and investment objective	Risk Indicator	Annual fund charges (% p.a. of net asset value (NAV)). All fees and expenses are inclusive of GST where applicable.	Indicative Buy/Sell Spread of each investment/redemption
Nikko AM Freedom Fund	Aims to provide a regular income to the charity from an actively managed investment portfolio and to maintain the value of the investor's capital.  The fund has a low to medium level of volatility	3 <sup>1</sup>	0.30% <sup>2</sup>	nil

<sup>1</sup> As the fund has existed for less than 5 years, market index returns have been used to calculate the risk indicator for the period September 2018 to June 2021 and fund returns for the period July 2021 – August 2023. As a result of market returns being used, the risk indicator may provide a less reliable indicator of the potential future volatility of the fund.

<sup>2</sup> The management fee charged will be fully donated to the charity along with the investment returns generated from the fund's invested capital.

See Section 4, "What are the risks of investing?" for an explanation of the risk indicator and for information about other risks that are not included in the risk indicator. To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at [www.sorted.org.nz/tools/investor-kickstarter](http://www.sorted.org.nz/tools/investor-kickstarter).

## Who manages the Scheme and the Fund?

The Manager of the Scheme and the Fund is Nikko AM NZ. See Section 7, "Who is involved?" for more information.

## What are the returns?

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. See section 2 for more information.

## How can you get your money out?

Investments in the Fund are redeemable.

You may at any time request the redemption of some or all of your investment. In some circumstances, we may suspend or defer withdrawals. See "Withdrawing your investments" under Section 2 for more information.

Your investment in the Fund can be sold but there is no established market for trading these financial products. This means that you may not be able to find a buyer for your investment.

### **How will your investment be taxed?**

The Fund offered under this PDS is a Portfolio Investment Entity (**PIE**).

The amount of tax you pay in respect of a PIE is based on your prescribed investor rate (PIR). To determine your PIR, go to <https://www.ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate>. See Section 6, "What taxes will you pay?" for more information.

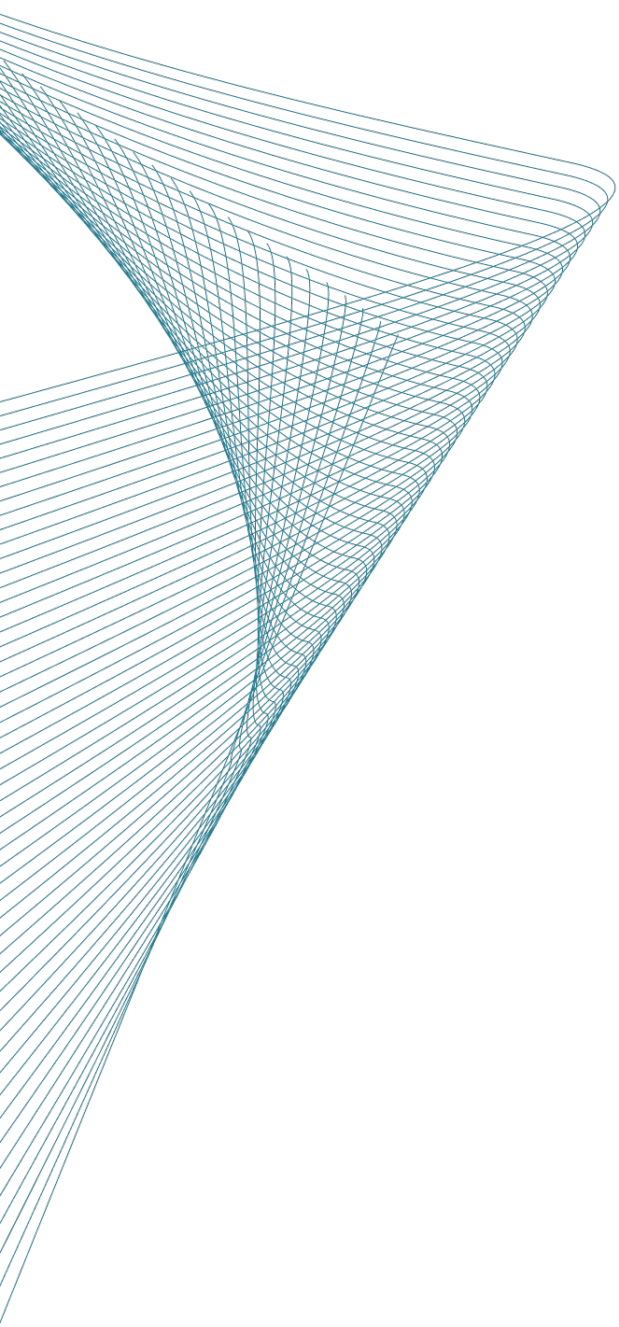
### **Where can you find more key information?**

Nikko AM NZ is required to publish quarterly updates for the Fund. The updates show the returns, and the total fees actually charged to investors, during the previous year. The latest fund updates are available at [www.nikkoam.co.nz/invest/retail](http://www.nikkoam.co.nz/invest/retail).

The Manager will also give you copies of those documents on request.

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## 2. How does this investment work?

This PDS is an offer of units in the Nikko AM Freedom Fund (the **Fund**). The Fund is a trust established within the Scheme and governed by the Trust Deed effective 25 June 2021 as amended from time to time (the **Nikko AM NZ Trust Deed**). The purpose of this Fund is to utilise your capital to generate returns to help support a charity. The investment is explained below and for more detail on how this investment works please refer to the Other Material Information document which is available on Disclose.

The money you invest buys units in the Fund. When you invest in the Fund, your money is held on trust and pooled with the money of other investors in the Fund. We use this money to buy assets for the Fund on behalf of all investors in the Fund. Assets are selected and managed by a professional investment management team in the manner described in Section 3, "Description of your investment option".

The purchase of units does not give you legal ownership of the Fund's assets.

The assets of the Fund are not available to be applied to meet the liabilities of any other fund in the Scheme.

The issue price of each unit issued or sold by the Manager in the Freedom Fund shall be \$1.00 per unit, however, the total net value of each unit in the Fund may be less than \$1.

The Fund's unit price for redemptions is usually calculated on each Business Day by dividing the total net value of the Fund's assets by the number of units on issue in the Fund, rounded to four decimal places, or \$1.0000 (whichever is lower).

The Fund's assets are valued independently of us. The value of your investment will be impacted by any change in the value of the assets of the Fund which is reflected in the unit price of the Fund. You can calculate the value of your investment by multiplying the number of units you hold in the Fund by the exit price of a unit. The most recent unit prices are available at [www.nikkoam.co.nz/invest/retail](http://www.nikkoam.co.nz/invest/retail).

Benefits of investing in the Fund include the following:

- your money is managed by our investment professionals; and
- the investment returns from your capital are donated to the charity gross of any taxes; and
- the charity will receive a regular income stream from the Fund.

### 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 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.

### Making investments

The minimum initial investment in the Fund is \$1,000. The minimum investment amount is subject to change. Further investments must be at least \$20. Further investments can be made by lump sum or regular investments.

Confirmation of your investment will generally be issued to you within five days of your application being processed.

We may accept or refuse any application either in whole or part and we are not required to give any reason or ground for such refusal.

## Withdrawing your investments

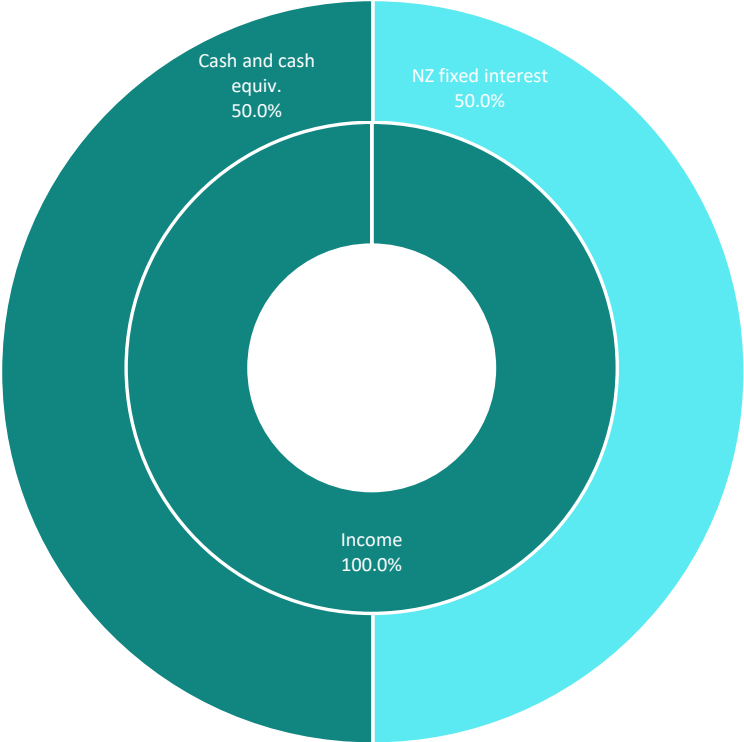
You can contact us to request a redemption of some or all of your investment at any time.

Nikko AM NZ sets a minimum redemption amount of \$250. The number of units redeemed will be calculated by dividing the dollar amount you request to redeem, less any withdrawal fee (not currently charged), by the applicable exit price of a unit. The exit price of each unit redeemed shall not exceed \$1.00 per unit.

Any redemption request which would cause an investor's holding in the Fund to fall below \$250 may be deemed by us to be a redemption request in respect of their entire holding in the Fund.

We will pay the proceeds to you as soon as possible after processing the request and in any event no later than 30 days after receipt. We may however suspend or defer withdrawals or delay payment under certain conditions summarised in the Nikko AM NZ Other Material Information document (on the offer register) or as set out in full in the Nikko AM NZ Trust Deed (on the scheme register). In those circumstances, you may have to wait a longer period of time before you can withdraw your investment.

### 3. Description of your investment option

Nikko AM Freedom Fund		
Summary of investment objective and strategy		
<p><b>Fund Objective:</b> To provide a regular monthly income stream to the charity.</p>  <p>The donut chart is divided into three segments. The top-left segment is dark teal and labeled 'Cash and cash equiv. 50.0%'. The top-right segment is light teal and labeled 'NZ fixed interest 50.0%'. The bottom segment is dark teal and labeled 'Income 100.0%'. The chart is a donut shape with a white center.</p> <p>Source: Nikko AM</p>	<p><b>Target asset mix</b> 100% invested in NZ cash and fixed interest via Nikko AM Funds</p>	<p><b>Risk Indicator<sup>1</sup>:</b> 3</p> <p><b>Volatility:</b> Low to medium</p> <p><b>Minimum suggested investment timeframe:</b> 1 year</p>
<p><b>Strategy:</b><sup>2</sup>To invest the capital from investors to generate an income for the charity. This fund gains its investment exposure by investing in NZ cash and fixed interest via other Nikko AM Funds.</p> <p>This fund is suitable for investors who are willing to invest capital which will generate income that is donated to the charity, and who do not expect to make or receive a capital gain on their investment.</p>		

<sup>1</sup> As the fund has existed for less than 5 years, market index returns have been used to calculate the risk indicator for the period September 2018 to June 2021, and fund returns for the period July 2021 to August 2023. As a result of market returns being used, the risk indicator may provide a less reliable indicator of the potential future volatility of the fund.

<sup>2</sup> Full details of the strategy, permitted investments and restrictions for the fund are outlined in the SIPO.

We may make changes to the Statement of Investment Policy and Objectives (SIPO) of the Scheme from time to time, after having given reasonable prior written notice to and in consultation with the Supervisor. We consider whether the changes are in investors' best interests and will notify you of any material changes before we make them. Material changes to the SIPO will also be described in the Scheme's annual report.

The current SIPO for the Fund can be found on the Disclose register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) or on our website [www.nikkoam.co.nz/invest/retail](http://www.nikkoam.co.nz/invest/retail).

Further information about the assets in the Fund can be found in the Fund Updates at [www.nikkoam.co.nz/invest/retail](http://www.nikkoam.co.nz/invest/retail)

## 4. What are the risks of investing?

### Understanding the risk indicator

Managed funds in New Zealand must have a standard risk indicator. The risk indicator is designed to help investors understand the uncertainties both for loss and growth that may affect their investment. You can compare funds using the risk indicator.

#### Example Risk Indicator



This is an example Risk Indicator. For the Fund Risk Indicator, see the “Key Information Summary” section.

The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the fund's assets goes up and down (volatility). A higher risk generally means higher potential returns over time, but more ups and downs along the way.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at [www.sorted.org.nz/tools/investor-kickstarter](http://www.sorted.org.nz/tools/investor-kickstarter).

Note that even the lowest category does not mean a risk-free investment, and there are other risks (described under the heading “Other specific risks”) that are not captured by this rating.

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on market returns data for the fund from September 2018 to June 2021, and actual fund returns for the period July 2021 to August 2023. As a result of market returns being used, the risk indicator may provide a less reliable indicator of the potential future volatility of the fund.

While risk indicators are usually relatively stable, they do shift from time to time. You can see the most recent risk indicator in the latest fund update for the fund.

### General investment risks

Some of the things that may cause the fund's value to move up and down, which affect the risk indicator, are:

**Capital risk:** The value of your investment may go down and cannot go above the amount you invested. All investment gains above your initial capital will be donated to the charity. A reduction in capital can result from market movements. Capital in this fund is not guaranteed.

**Market risk:** Economic, technological, political and legal factors and market sentiment can change. These changes may affect the value of financial products in investment markets, the Fund's investments and the value of the units in the Fund.

**Liquidity risk:** The risk that an investment may not be able to be sold quickly enough to prevent or minimise a loss. A lack of liquidity may also affect the amount of time it takes to satisfy redemption requests.

**Asset allocation risk:** The largest determinant of returns and volatility is the proportionate allocation to different underlying assets. Accordingly, asset allocation will impact the overall returns of the fund.

**Interest rate risk:** Changes in interest rates. An increase in interest rates results in the capital value of fixed interest investments falling. A decrease in interest rates results in the capital value of fixed interest investments rising.

**Credit risk:** Interest earning securities represent loans to borrowers that include central and local government, registered banks and companies. Credit risk is the risk that a borrower may default on interest or capital repayments.

### Other specific risks

#### Distributions (donations) to the charity

If the Fund has negative investment returns, and you withdraw your investment while the unit price is less than \$1.00, you will receive less than your initial investment back. The Fund has been designed to pay all the investment returns generated to the charity. The unit price is capped at \$1.00, but it can fall below this level if the Fund's investments fall in value. In this situation, future investment returns will be used to return the unit price to \$1.00 before distributions to the charity recommence.



## 5. What are the fees?

A management fee will be charged for investing in the Fund. 100% of this fee will be donated by the Manager to the charity. No other fees are charged.

### Annual fund charges

	Management Fee (% p.a. of NAV)	Total Annual Fund Charges (% p.a. of NAV).
Nikko AM Freedom Fund	0.30%	0.30%

**GST:** All fees and expenses are inclusive of GST where applicable.

**Donated management fee:** We charge an annual management fee to the Fund. However, this fee is not retained by us, and is fully donated to the charity each month. There are no charges for underlying investment costs, the supervisor's fee and administration costs of the Fund (such as audit fees, registry services, unit pricing and accounting services).

There are no performance fees in relation to the Fund.

### Individual action fees and trading costs

There are currently no contribution, establishment, termination, withdrawal or switching fees being charged to the Fund offered under this PDS. We can introduce these fees in the future as set out in the Nikko AM NZ Trust Deed.

### Buy/sell spreads

There are no buy/sell spread costs for the Fund.

### Example of how fees apply to investors

Luke invests \$10,000 in the Nikko AM Freedom Fund.

He is charged a management fee, which works out to about \$30.00 (0.30% of \$10,000). These fees might be more or less if his account balance has increased or decreased over the year.

#### Estimated total fees for the first year

Fund charges: \$30

This fee of \$30 is donated to the charity along with any investment returns from the Fund.

See the latest fund update for an example of the actual returns and fees investors were charged over the past year.

This example applies only to the Nikko AM Freedom Fund. If you are considering investing in other funds or investment options in the Scheme, this example may not be representative of the actual fees you may be charged.

### The fees can be changed

We can change fees from time to time and can also add new fees. Any change to the fees will be made in accordance with the Nikko AM NZ Trust Deed.

Nikko AM NZ must publish a fund update for the Fund showing the fees actually charged during the most recent year. Fund updates, including past updates, are available at [www.nikkoam.co.nz/invest/retail](http://www.nikkoam.co.nz/invest/retail).

## 6. What taxes will you pay?

The Fund is a portfolio investment entity. The amount of tax you pay is based on your prescribed investor rate (PIR). To determine your PIR, go to <https://www.ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate>. If you are unsure of your PIR, we recommend you seek professional advice or contact the Inland Revenue Department. It is your responsibility to tell Nikko AM your PIR when you invest or if your PIR changes. If you do not tell Nikko AM, a default rate may be applied. If the rate applied to your PIE income is lower than your correct PIR, you will be required to pay any tax shortfall as part of the income tax year-end process. If the rate applied to your PIE income is higher than your PIR, any tax over-withheld will be used to reduce any income tax liability you may have for the tax year and any remaining amount will be refunded to you.

Should the Fund have any taxable income that has not been donated to the charity, any tax liability will be met from the Fund's assets. Accordingly, it is not expected that any taxable income will be attributed to individual investors.

For more information in relation to taxation refer to the "Nikko AM NZ Investment Scheme – Other Material Information" document on the Disclose register.

## 7. Who is involved?

Nikko Asset Management New Zealand Limited is the Manager of the Fund.

### About Nikko Asset Management New Zealand Limited

Nikko AM NZ is a wholly owned subsidiary of Nikko Asset Management Co., Ltd (**Nikko AM**), headquartered in Tokyo, Japan. Nikko AM is a dedicated global asset manager with investment professionals across the world's major financial centres. In New Zealand we provide investment management services for domestic assets (equities, bonds, cash and alternatives) through our Auckland-based investment team and contract offshore managers to manage global assets (global equities, global bonds and alternatives).

### Contact details

- Phone: 09 307 6388
- Freephone: 0800 303 308
- Email: [NZenquiries@nikkoam.com](mailto:NZenquiries@nikkoam.com)
- Write: PO Box 3892, Shortland Street, Auckland 1140

### Who else is involved?

	Name	Role
Supervisor	Public Trust	Supervisor of the Scheme under the Financial Markets Conduct Act 2013 and responsible for monitoring Nikko AM NZ's compliance with its obligations.
Custodian	BNP Paribas Fund Services Australasia Pty Limited ("BNP")	Appointed by the Supervisor to hold all of the assets of the Fund on behalf of the investors.
Administrator	BNP	Perform services including fund valuation, unit pricing, fund accounting and PIE fund administration.
Registrar	Apex Investment Administration (NZ) Limited	Perform unit registry services.
Auditor	KPMG	Auditor of the Scheme and the Fund.
Charity	TearFund	TearFund will receive the donated investment returns and management fee, which they will use to support its work to combat human trafficking and modern slavery.

## 8. How to complain

Any complaints about the Fund or the Scheme may be referred to the Manager via the contact details provided under Section 7, "Who is involved?".

You can also complain to the Supervisor at:

### Public Trust

Level 16, SAP Tower, 151 Queen Street, Auckland 1010  
Private Bag 5902, Wellington 6140  
Freephone 0800 371 471  
[CTS.enquiry@publictrust.co.nz](mailto:CTS.enquiry@publictrust.co.nz)  
[www.publictrust.co.nz/corporate-trustee-services](http://www.publictrust.co.nz/corporate-trustee-services)

The Manager and the Supervisor are both members of the Financial Services Complaints Limited independent dispute resolution scheme.

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 6145  
Freephone 0800 347 257 or 04 472-FSCL  
[www.fscl.org.nz](http://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](http://www.fscl.org.nz).

## 9. Where you can find more information

Further information relating to the Scheme, the units and the Fund (for example, financial statements) is available on the offer register and the scheme register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) and a copy of information on the offer register or scheme register is available on request to the Registrar of Financial Service Providers.

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

An annual statement and PIE Tax Statement will be sent to you or made available through an electronic facility by the end of each June. These provide information such as your balance at year end, change in balance during the year, what fees you have been charged and how much PIE tax has been paid on your behalf.

You can find more information about us and the Fund on our website [www.nikkoam.co.nz/invest/retail](http://www.nikkoam.co.nz/invest/retail).

## 10. How to apply

Individual investors can apply at [www.goalsgetter.co.nz](http://www.goalsgetter.co.nz). Other investors can apply by contacting us for application forms.

We may accept or refuse any application either in whole or part and we are not required to give any reason or ground for such refusal.

If you would like further information on how to invest in the Fund, please contact us at [goalsgetter@nikkoam.com](mailto:goalsgetter@nikkoam.com).