

NIKKO AM NZ INVESTMENT SCHEME

Statement of Investment Policy and Objectives

Effective from 2 September 2024

Issued by Nikko Asset Management
New Zealand Limited

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A. Description of the managed investment scheme

Nikko Asset Management New Zealand Limited (“Nikko AM NZ”, “we” or the “Manager”) is a wholly owned subsidiary of Nikko Asset Management Co., Ltd (“Nikko AM”), which is headquartered in Tokyo, Japan. Nikko AM is a dedicated global asset manager with investment professionals across the world’s major financial centres. As one of the largest investment managers in New Zealand, Nikko AM NZ provides investment management services for domestic assets through its Auckland- based investment team and has contracted offshore managers to manage global assets.

This Statement of Investment Policy and Objectives (“SIPO”) applies to the Nikko AM NZ Investment Scheme (the “Scheme”), a registered managed investment scheme. More information on the Scheme and the current version of this SIPO are available on the scheme register and the offer register on Disclose (<https://disclose-register.companiesoffice.govt.nz/>).

Roles and Responsibilities

Nikko Asset Management New Zealand Limited is the Manager of the Scheme. Public Trust (the “Supervisor”) is the Supervisor of the Scheme. The roles and responsibilities of Nikko AM NZ and the Supervisor are set out in the Trust Deed for the Scheme (dated 25 June 2021) between the Supervisor and Nikko AM NZ which is available on the scheme register on Disclose (<https://disclose-register.companiesoffice.govt.nz/>).

Our Investment Committee is responsible for ensuring that the SIPO is adhered to.

Funds

The Scheme offers seventeen investment funds (“the Funds”):

Fund options include:

- Diversified Funds
- Other Funds

A diversified fund is an investment portfolio that combines a broad mix of asset classes to achieve specific risk-return objectives.

Other funds offer investment in a specific asset class, such as NZ shares or a specific sector within that class such as disruptive innovation.

Diversified Funds

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|----------------------------|
| Nikko AM Conservative Fund |
| Nikko AM Balanced Fund |
| Nikko AM Growth Fund |
| Nikko AM Income Fund |
| Nikko AM Freedom Fund |
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Other Funds

Cash and Fixed Interest Funds

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|---------------------------------|
| Nikko AM NZ Cash Fund |
| Nikko AM NZ Bond Fund |
| Nikko AM NZ Corporate Bond Fund |
| Nikko AM Global Bond Fund |

Equity Funds

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|---|
| Nikko AM Core Equity Fund |
| Nikko AM SRI Equity Fund |
| Nikko AM Concentrated Equity Fund |
| Nikko AM Global Equity Multi- Manager Unhedged Fund |
| Nikko AM Global Equity Multi- Manager Hedged Fund |
| Nikko AM Global Shares Fund |
| Nikko AM Global Shares Hedged Fund |
| Nikko AM ARK Disruptive Innovation Fund |

B. Investment objectives

Each fund has different investment objectives – see Appendix B for more information about each fund.

C. Investment philosophy

We believe that we can deliver strong and repeatable risk-adjusted returns for our investors because:

Markets are not always efficient, and indices are constrained therefore active investment management can discover and benefit from identified opportunities.

Investments are best managed by sector specialists within a comprehensive risk management framework. Where appropriate this may involve selecting and overseeing global investment specialists.

Asset allocation is a key driver of overall portfolio return. Diversification both within and across investment sectors helps to reduce risk and grow wealth over the long term.

Combining quality investment decision-making with patience and time will increase the probability of improving investor returns.

Environmental, social and governance considerations (ESG) are key to creating future value for our clients. See Appendix C for specific restrictions and how they are applied to our funds.

D. Investment policy and processes

Governance

We operate within a strong governance framework and consider our fiduciary responsibilities of utmost importance. Nikko AM provides global resources, delivering systems, policies and procedures, while the New Zealand business is overseen by an experienced Board, Investment Committee and Compliance, Risk & Disclosure Committee.

We have created a compliance programme to manage conflicts of interest and conduct which is continually updated to reflect the developing regulatory and compliance landscape.

In addition to our Compliance Programme, we have adopted, and fully endorse, the Nikko AM “Code of Ethics and Business Standards” (the “Code”). All Nikko AM NZ employees have signed acceptance of Nikko AM’s ethics and business standards as outlined in the Code and are required to reaffirm this acceptance annually.

Framework Overview

Senior Management supports a culture of compliance. Employees are trained and supported to adhere to all internal and external obligations. We employ locally a Head of Risk and Compliance and General Counsel to ensure the appropriate business controls and obligations are adhered to. Business functions are audited annually by the parent’s internal audit function, with KPMG providing external audit services. The Compliance Risk and Disclosure Committee consists of the Heads of Departments including General Counsel, Head of Risk and Compliance and the Managing Director and meets quarterly to review compliance and risk issues.

Responsible Investment

Environment, social and governance (ESG) considerations are embedded into all our decision making. In addition, we have defined specific restrictions, which limit investments based on certain criteria or activities.

Refer section E - ESG, Responsible Investing and Specific Restrictions

Further information on restrictions, exclusions and how these are applied and monitored by both Nikko AM NZ and our external and related party managers, refer to Appendix C.

Trade Allocation and Trade Execution

In determining the execution and allocation of trades, we have a duty to act in the best interests of all investors. The following controls are in place to monitor the guiding principle.

Execution

We have a fiduciary duty to prioritise the interests of investors over the interests of our own, our employees or any third party and to aim to achieve the "best possible result" for investors, consistent with any relevant constraints, such as investment strategy restrictions and applicable laws and regulations.

The best possible result is the most favourable overall result for the investor under the circumstances, giving regard to the following execution factors: price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of an order.

Allocation

When determining the allocation of trades, the Manager will act in the best interests of investors with no Fund receiving preferred trade allocation over another Fund. The method of allocating trades will be based on the following controls:

- A high level of transparency with all trades observable by investment teams, Operations and Compliance;
- Restrictions within the investment strategy for each fund.
- A maker-checker policy operates at a pre-trade level.

Our trade system includes modules for the monitoring of trade allocation and execution details.

Hedging

Each Fund has different parameters regarding the ability to hold assets denominated in foreign currency. Any requirement or permission to hedge foreign currency exposure back to New Zealand Dollars has been defined within the investment strategy for each Fund.

Currency hedging contracts, if any, are held in the sector funds listed in the Strategic Asset Allocation. Currency is managed in accordance with the Nikko AM NZ Currency Risk Management Policy. (available on request)

Our Currency Risk Management Policy sets out:

- How our hedging exposure strategy is established and implemented;
- The parameters that we adhere to; and
- Monitoring of compliance with the investment strategy of each Fund.

Rebalancing

We have a Nikko AM NZ Rebalancing Policy, which sets out how we undertake rebalancing. We have determined for each Fund in the investment strategy an appropriate strategic asset allocation and permitted investment ranges. Actual asset allocations will vary with market movements, market transactions and investor transactions.

The investment strategies for the Funds may consist of an asset allocation to other funds managed by us and cash pending investment or held for investor transactions. We review all cash balances daily to ensure they are within the investment strategy investment ranges.

We will rebalance as required to keep the Funds within the approved investment ranges. Transactions will be processed as soon as practicable subject to liquidity and market settlement conventions. To minimise the number of actual rebalancing transactions required by market movements, we use investor cash flows to maintain the asset allocation within the permitted investment ranges.

Other

Leverage and Borrowing

The Funds are permitted to maintain an overdraft with a registered bank in order to provide liquidity to fund redemptions and facilitate settlements. Other than the overdraft facility, no borrowing or leverage is permitted by the Funds except where expressly permitted.

For the underlying wholesale funds that utilise currency hedging, the value of the fund comprises the value of the underlying assets and any change in the value of the currency hedging contracts. Accordingly, this means that the exposure to the underlying assets will be less than or greater than the value of the respective fund. This is permitted and not considered leverage for the purposes of compliance with this SIPO.

Derivatives

We seek to use derivatives to manage risk and to obtain exposures authorised by, and appropriate to, the overall investment objectives and strategy of each Wholesale Fund. The use of any instrument (physical and/or derivative) is undertaken in accordance with the objectives and constraints stipulated in the applicable governing documents.

Investment Risk

Investment Risk is monitored independently by the Nikko AM Risk Team in conjunction with the NZ office. The Group office has full oversight of trades and portfolio positions to assess investment risk. The Nikko AM Global Market/Credit/Liquidity and Risk Management Policy sets out the management of these risks.

Liquidity and Cash Flow Management

We have determined for each Fund an appropriate level of liquidity, including cash and exposure to liquid securities. This is defined within each Fund's investment strategy. We monitor the cash balances of the Funds daily and transact if necessary to ensure sufficient liquidity for investor transactions and any Fund expenses.

Further information on deferral and suspension of cash flow requests is contained in our Other Material Information which is available on Disclose (<https://disclose-register.companiesoffice.govt.nz/>).

Limit breaks

Identification

SIPO limits are monitored at both pre-trade and end of day monitoring times for the Funds by separate rules-based checking software. Any potential limit breaks are reported on an exceptions basis in a follow up file for investigation by appropriately skilled personnel. Careful distinction is made to separate identified limit breaks occurring as a result of investment/divestment of investor cash flows versus those that are valid limit breaks caused by capital market changes or portfolio manager activity.

If the position requires amendment, the compliance function will proceed to remedy the position by raising the issue with the portfolio manager who will then trade to the mandated requirement. Authority to instruct remediation resides with the compliance function. The compliance function utilises a register detailing each proven notification raised by the rules-based checking software and the remedial action taken.

Judgement for materiality of the limit break resides with the compliance function who will generally consider: the cause of the limit break: either human error, system error or capital market event; the economic impact on the investor, whether accretive or causing loss; and the frequency of the identified limit break type.

Limit break reporting

Under section 167(1) of the Financial Markets Conduct Act 2013, a "limit break" is "a material breach of any limits on" the SIPO. Limit breaks are reported to the Supervisor as follows:

- (a) if a limit break is not corrected within 5 working days after we become aware of it, as soon as practicable after expiry of the 5 working day period; and
- (b) all limit breaks (regardless of whether they have been corrected or not), each quarter.

Pricing and Valuation

We have delegated certain administration functions to BNP Paribas Fund Services Australasia Pty Limited (“BNP Paribas” or “Administration Manager”) This delegation includes the calculation of daily unit pricing for the Funds and is governed by our Product Unit Pricing and Registry Policy. This policy describes how we manage our unit pricing and registry maintenance and recording obligations.

Prices of capital market securities to determine the net asset value of each Fund is provided by BNP Paribas through their data pricing providers. This ensures that pricing is undertaken by an independent third party. BNP Paribas maintain a Securities Pricing Policy which governs their approach to securities valuation.

A copy of our Product Unit Pricing and Registry Policy is available on request.

Proxy Voting

Where capital market securities are held by the Funds or the Wholesale Funds that the Funds invest in, we may have the right to vote on shareholder resolutions. We exercise voting rights where available solely for the benefit of investors. Where we appoint an investment manager for a fund, we also outsource voting to that investment manager. We do not vote for the benefit of ourselves or third parties. The Nikko AM Domestic Equities Proxy Voting Policy covers the requirements of the Nikko AM NZ Equity team to consider and vote on resolutions. A copy of this policy is available on request.

Conflict of Interest

We consider potential conflicts of interest and provide guidelines on how they will be addressed. Potential conflicts include personal holdings, trading by close relatives, the impact on trading activity of incentive-based conflicts such as performance fees, and extensive trading around performance reporting dates, such as portfolio pumping or window dressing. Another potential conflict is communicating with the media about specific securities or sectors. The commentary itself, as well as trading activity shortly beforehand or afterwards is monitored and assessed within the risk and compliance framework.

We have a comprehensive suite of operational and conflicts management policies.

Personal Account Dealing

All staff are required to report their personal holdings and submit declarations annually in respect of any accounts. Personal trades, including those of close relatives, are monitored and pre-approved to ensure individuals are not benefitting from non-public information, or taking advantage of pending trade activity by the Manager. Personal trading without prior written approval from compliance is prohibited pursuant to the Nikko AM Personal Trading Policy.

Insider Trading

We have clearly established policies relating to both insider information and potential insider information. This includes global and local policies and procedures.

Investment in related party assets

There are controls in place around investments made between our Funds (internal trades). We don't invest in private assets owned by other Nikko entities.

Incident Management

All incidents, that may include operational error, system or vendor failure are recorded and reported to management immediately. These are reviewed and escalated appropriately including regulatory disclosure if required. Incidents and errors are recorded internally through the Group Operational Risk Portal (ORP). Operational risk management and incident management policies are in place.

Taxation

The Scheme is a Portfolio Investment Entity (“PIE”).

Our administration manager, BNP Paribas is responsible for attributing each Fund its income or loss, expenses, and tax credits (if any) per unit daily to each investor in the proportion of units they hold and the number of units in the Fund. Tax is paid directly to Inland Revenue annually after 31 March by our registrar, Apex Investment Administration (NZ) Limited. (“Apex” or “Registrar”) by redeeming units or on redemption of units and is based on taxable income attributed to each investor at their prescribed investor rate (“PIR”) which they must provide to us.

If the investor invests through a PIP or other custodial service or a wrap account (“Custodial Service”), the PIP or the Custodial Service will hold the investor's units in the Fund. Taxable income attributed to the PIP or the Custodial Service generally has tax deducted at 0% and the PIP or the Custodial Service is responsible for attributing tax to investors.

E. ESG, Responsible Investing and Specific Restrictions

Environmental, social and governance (ESG) considerations are embedded into all our decision making. In addition, we have defined specific restrictions, which limit investments based on certain criteria or activities.

A restriction does not necessarily mean a complete ban or exclusion. A summary of restrictions applied in each of the Nikko AM NZ funds is included in this section. How restrictions are applied may differ between funds managed by Nikko AM NZ, external managers, and related party managers. More information on this is included in Appendix C Responsible Investing – additional information.

The table below shows which restrictions apply to each Fund in the Scheme.

| | ESG restrictions controlled by Nikko | Primary Restriction | | Exclusions | Other Restrictions | | |
|--|--------------------------------------|---------------------|--------------|-----------------------|--------------------|---------------------|---------|
| | | Tobacco | Fossil Fuels | Controversial Weapons | Gambling | Adult Entertainment | Alcohol |
| Diversified Funds¹ | | | | | | | |
| Nikko AM Conservative Fund | YES | ● | ◐ | ● | ◐ | ◐ | ◐ |
| Nikko AM Balanced Fund | YES | ● | ◐ | ● | ◐ | ◐ | ◐ |
| Nikko AM Growth Fund | YES | ● | ◐ | ● | ◐ | ◐ | ◐ |
| Nikko AM Income Fund | YES | ● | ● | ● | ● | ● | ● |
| Single Sector Funds | | | | | | | |
| Nikko AM Core Equity | YES | ● | ● | ● | ○ | ○ | ○ |
| Nikko AM SRI Equity | YES | ● | ● | ● | ● | ● | ● |
| Nikko AM Concentrated Equity | YES | ● | ● | ● | ○ | ○ | ○ |
| Nikko AM Global Shares | YES | ● | ● | ● | ● | ● | ● |
| Nikko AM Global Shares Hedged Fund | YES | ● | ● | ● | ● | ● | ● |
| Nikko AM Global Equities Multi-Manager Unhedged Fund | YES | ● | ○ | ● | ○ | ○ | ○ |
| Nikko AM Global Equities Multi-Manager Hedged Fund | YES | ● | ○ | ● | ○ | ○ | ○ |
| Nikko AM ARK Disruptive Innovation Fund | NO ² | ○ | ○ | ○ | ○ | ○ | ○ |
| Nikko AM Cash Fund | YES | ● | ● | ● | ● | ● | ● |
| Nikko AM NZ Corporate Bond Fund | YES | ● | ● | ● | ● | ● | ● |
| Nikko AM Global Bond Fund | NO ² | ● | ● | ● | ○ | ○ | ○ |
| Other | | | | | | | |
| Nikko AM Freedom Fund | YES | ● | ● | ● | ● | ● | ● |



Restriction in place for 100% of Fund



Restrictions in place but not in all of the underlying funds



No specific restriction in place. ESG process is still applied where applicable.

¹ Restrictions from the underlying funds these Funds invest in will apply. Primary restriction apply to all of the underlying funds.

² These funds are not actively managed by Nikko AM. The underlying managers use their own ESG framework for investment decisions.

For more information on restrictions, exclusions and how these are applied and monitored by both Nikko AM NZ and our external and related party managers, refer to Appendix C.

F. Performance monitoring

Performance is monitored daily by us and measured independently by BNP Paribas monthly.

Each Fund's performance is summarised and tabled for discussion and comment at our Investment Committee meetings, held quarterly. Each measurement period (last three months, last year, last three years, last five years) includes the actual Fund performance, the agreed benchmark performance, and the excess return over benchmark, and volatility in the instance of the last five years measurement.

Investment performance objectives are set as an acceptable margin of absolute performance above recognised capital markets indices. Progress towards achieving investment performance objectives is generally measured over a rolling three-year period before fees, expenses and taxes.

G. Investment strategy review process

Selection and review of external investment managers

All funds are assessed annually as part of Nikko's ongoing Product Lifecycle Review process.

Portfolio Managers report to the Investment Committee on a quarterly basis.

Our dedicated Portfolio Manager, External Managers and Diversified Funds has responsibility for the delegation of investment management for a number of our Funds to specialist offshore managers. Appointment of an external manager will be noted in the investment strategy of each Fund.

Our search and selection process of external managers involves an evaluation with emphasis on the assessment of investment capabilities, research on parent/business, people, philosophy, process, and responsible investing.

Our Portfolio Manager, External Managers and Diversified Funds monitors each delegated manager's investment performance. This includes portfolio investment return and risk assessment relative to performance objectives and review of market commentary and portfolio activity. Monitoring results are reported to the Investment Committee.

A copy of our External Investment Managers Policy is available on request.

H. SIPO review process

This SIPO is reviewed in full at least annually. Review, currency and adoption of the SIPO are the responsibility of our Investment Committee, which is governed by our Investment Committee Charter (available on request).

When the SIPO is reviewed annually by the Investment Committee, the Investment Committee will take into account the investment strategy and objectives of each Fund and other matters including, but not limited to, relevant new standards or legislation and any material changes in market conditions. Significant changes may invoke an ad hoc review out of the annual cycle.

All amendments will be made in accordance with the Trust Deed and relevant law.

Compliance with the SIPO is monitored both pre and post trade on a continuous basis, by automated systems (Bloomberg AIM).

The Manager may amend or replace this SIPO only after having given reasonable prior written notice to and in consultation with the Supervisor.

The most current version of the SIPO is available on Disclose (<https://disclose-register.companiesoffice.govt.nz/>) and on our website: www.nikkoam.co.nz

Appendix A – Asset Class descriptions

We have broadly categorised each Fund by the Financial Markets Conduct Regulations (FMCR) Asset categories, using the category that most closely aligns with each underlying fund's assets. This categorisation is used in our other disclosure documents when describing asset allocations.

| Asset Class – FMCR categories | Description |
|--------------------------------------|---|
| Cash and cash equivalents | Bank deposits including term deposits |
| NZ Fixed interest | Fixed interest assets issued in New Zealand |
| International fixed interest | Fixed interest assets issued outside of New Zealand |
| Australasian equities | Shares listed on a stock exchange in New Zealand or Australia (such as the NZX or ASX). |
| International equities | Shares listed on a stock exchange outside New Zealand and Australia. |
| Listed Property | Property shares listed on a stock exchange. |
| Other | Other investments that do not meet the criteria of the above categories, as determined by the Manager and agreed with the Supervisor. |

Appendix B - Investment strategies and objectives

Diversified Funds

Nikko AM Growth Fund

The Fund will invest in an Underlying Fund, Nikko AM NZ Wholesale Growth Fund, to provide exposure to the asset classes listed in the asset allocation table below.

Description of the Underlying Fund

A diversified portfolio of predominately growth assets to deliver growth in capital value over the long term.

Investment Objective

The objective of the Underlying Fund is to achieve a return which exceeds the weighted composite benchmark by 2.00% over a rolling three-year period before fees, expenses and taxes.

Target Asset Allocation – Underlying Fund

| Asset Class | Target Allocation | Range | Underlying Fund * | Target Allocation | Benchmark |
|------------------------------|-------------------|---------------------|--|-------------------|--|
| Australasian Equities | 23.0% | 13.0% -33.0% | Nikko AM Wholesale Core Equity Fund | 11.5% | S&P/NZX 50 Index Gross with Imputation Index |
| | | | Nikko AM Wholesale Concentrated Equity Fund | 11.5% | |
| Listed Property | 7.0% | 0.0% - 14.0% | Nikko AM Wholesale Property Fund | 7.0% | S&P/NZX All Real Estate (Sector) Gross with Imputation Index |
| International Equities | 50.0% | 40.0% - 60.0% | Nikko AM Wholesale Global Equity Fund Hedged | 25.0% | MSCI All Countries World Index (net dividends reinvested) 100% gross hedged to NZD |
| | | | Nikko AM Wholesale Global Equity Fund Unhedged | 25.0% | |
| TOTAL GROWTH | 80.0% | 70.0%- 90.0% | | 80.0% | |
| NZ Fixed Interest | 8.0% | 0.0% - 16.0% | Nikko AM Wholesale NZ Corporate Bond Fund | 2.5% | Bloomberg NZBond Credit 0+ yr Index |
| | | | Nikko AM Wholesale NZ Bond Fund | 5.5% | |
| International Fixed Interest | 9.0% | 0.0% - 18.0% | Nikko AM Wholesale Global Bond Fund | 9.0% | Bloomberg Global Aggregate Index hedged into NZD |
| Cash | 3.0% | 0.0% -18.0% | Nikko AM Wholesale NZ Cash Fund | 3.0% | Bloomberg NZBond Bank Bill Index |
| TOTAL DEFENSIVE | 20.0% | 10.0% -30.0% | | 20.0% | |
| TOTAL | 100.0% | | | 100.0% | |

*The Manager is permitted to invest units of other funds and hold balances with brokers, agents or custodians (both local and overseas) pending investment or pending payment to the manager.

Appropriate Market Index

| Asset Class | Appropriate Market Index | Target Asset Allocation |
|------------------------------|---|-------------------------|
| Cash and cash equivalents | Bloomberg NZBond Bank Bill Index | 3.0% |
| NZ fixed interest | Bloomberg NZBond Credit 0+ yr Index | 2.5% |
| NZ fixed interest | Bloomberg NZBond Composite 0+ yr Index | 5.5% |
| International fixed interest | Bloomberg Global Aggregate Index hedged into NZD | 9.0% |
| TOTAL INCOME ASSETS | | 20.0% |
| Australasian equities | S&P/NZX 50 Index Gross with Imputation Index | 23.0% |
| Listed Property | S&P/NZX All Real Estate (Sector) Gross with Imputation Index | 7.0% |
| International equities | MSCI All Countries World Index (net dividends reinvested), expressed in NZD | 25.0% |
| International equities | MSCI All Countries World Index (net dividends reinvested) 100% gross hedged to NZD | 25.0% |
| TOTAL GROWTH ASSETS | | 80.0% |

Nikko AM Balanced Fund

The Fund will invest in an Underlying Fund, the Nikko AM NZ Wholesale Balanced Fund, to provide exposure to the asset classes listed in the asset allocation table below.

Description of the Underlying Fund

A diversified portfolio across income, growth and alternative assets which aims to generate a return while minimising potential losses.

Investment Objective

The objective of the Underlying Fund is to achieve a return which exceeds the weighted composite benchmark by 1.50% over a rolling three year period before fees, expenses and taxes.

Target Asset Allocation – Underlying Fund

| Asset Class | Target Allocation | Range | Underlying Fund | Target Allocation | Benchmark |
|------------------------------|-------------------|----------------------|--|-------------------|--|
| Australasian Equities | 17.0% | 7.0% -27.0% | Nikko AM Wholesale Core Equity Fund | 8.5% | S&P/NZX 50 Index Gross with Imputation Index |
| | | | Nikko AM Wholesale Concentrated Equity Fund | 8.5% | |
| Listed Property | 6.0% | 0.0% - 12.0% | Nikko AM Wholesale Property Fund | 6.0% | S&P/NZX All Real Estate (Sector) Gross with Imputation Index |
| International Equities | 39.0% | 29.0% - 49.0% | Nikko AM Wholesale Global Equity Fund Hedged | 19.5% | MSCI All Countries World Index (net dividends reinvested) 100% gross hedged to NZD |
| | | | Nikko AM Wholesale Global Equity Fund Unhedged | 19.5% | MSCI All Countries World Index (net dividends reinvested), expressed in NZD |
| TOTAL GROWTH | 62.0% | 52.0% -72.0% | | 62.0% | |
| NZ Fixed Interest | 16.5% | 6.5% - 26.5% | Nikko AM Wholesale NZ Corporate Bond Fund | 5.5% | Bloomberg NZBond Credit 0+ yr Index |
| | | | Nikko AM Wholesale NZ Bond Fund | 11.0% | Bloomberg NZBond Composite 0+ yr Index |
| International Fixed Interest | 16.5% | 6.5% - 26.5% | Nikko AM Wholesale Global Bond Fund | 16.5% | Bloomberg Global Aggregate Index hedged into NZD |
| Cash | 5.0% | 0.0% - 20.0% | Nikko AM Wholesale NZ Cash Fund | 5.0% | Bloomberg NZBond Bank Bill Index |
| TOTAL DEFENSIVE | 38.0% | 28.0% - 48.0% | | 38.0% | |
| TOTAL | 100.0% | | | 100.0% | |

Appropriate Market Index

| Asset Class | Appropriate Market Index | Target asset allocation |
|------------------------------|--|-------------------------|
| Cash and cash equivalents | Bloomberg NZBond Bank Bill Index | 5.0% |
| NZ fixed interest | Bloomberg NZBond Credit 0+ yr Index | 5.5% |
| NZ fixed interest | Bloomberg NZBond Composite 0+ yr Index | 11.0% |
| International fixed interest | Bloomberg Global Aggregate Index 100% hedged into NZD | 16.5% |
| TOTAL INCOME ASSETS | | 38.0% |
| Australasian equities | S&P/NZX 50 Index Gross with Imputation Index | 17.0% |
| Listed property | S&P/NZX All Real Estate (Sector) Gross with Imputation Index | 6.0% |
| International equities | MSCI All Countries World Index (net dividends reinvested), expressed in NZD | 19.5% |
| International equities | MSCI All Countries World Index (net dividends reinvested) 100% gross hedged to NZD | 19.5% |
| TOTAL GROWTH ASSETS | | 62.0% |

Nikko AM Conservative Fund

The Fund will invest in an Underlying Fund, the Nikko AM NZ Wholesale Conservative Fund, to provide exposure to the asset classes listed in the asset allocation table below.

Description of the Fund

A diversified portfolio which aims to preserve capital and achieve an investment return above bank deposit rates.

Investment Objective

The objective of this fund is to achieve a return which exceeds the weighted composite benchmark by 1.00% p.a. over a rolling three year period before fees, expenses and taxes.

Target Asset Allocation – Underlying Fund

| Asset Class | Target Allocation | Range | Underlying Fund | Target Allocation | Benchmark |
|------------------------------|-------------------|----------------------|--|-------------------|--|
| Australasian Equities | 6.0% | 0.0% - 12.0% | Nikko AM Wholesale Core Equity Fund | 3.0% | S&P/NZX 50 Index Gross with Imputation Index |
| | | | Nikko AM Wholesale Concentrated Equity Fund | 3.0% | |
| Listed Property | 3.0% | 0.0% - 6.0% | Nikko AM Wholesale Property Fund | 3.0% | S&P/NZX All Real Estate (Sector) Gross with Imputation Index |
| International Equities | 14.0% | 4.0% - 24.0% | Nikko AM Wholesale Global Equity Fund Hedged | 7.0% | MSCI All Countries World Index (net dividends reinvested) 100% gross hedged to NZD |
| | | | Nikko AM Wholesale Global Equity Fund Unhedged | 7.0% | |
| TOTAL GROWTH | 23.0% | 13.0% - 33.0% | | 23.0% | |
| NZ Fixed Interest | 31.0% | 21.0% - 41.0% | Nikko AM Wholesale NZ Corporate Bond Fund | 11.0% | Bloomberg NZBond Credit 0+ yr Index |
| | | | Nikko AM Wholesale NZ Bond Fund | 20.0% | |
| International Fixed Interest | 31.0% | 21.0% - 41.0% | Nikko AM Wholesale Global Bond Fund | 31.0% | Bloomberg Global Aggregate Index hedged into NZD |
| Cash | 15.0% | 0.0% - 30.0% | Nikko AM Wholesale NZ Cash Fund | 15.0% | Bloomberg NZBond Bank Bill Index |
| TOTAL DEFENSIVE | 77.0% | 67.0% - 87.0% | | 77.0% | |
| TOTAL | 100.0% | | | 100.0% | |

Appropriate Market Index

| Asset Class | Appropriate Market Index | Target Asset Allocation |
|------------------------------|---|-------------------------|
| Cash and cash equivalents | Bloomberg NZBond Bank Bill Index | 15.0% |
| NZ fixed interest | Bloomberg NZBond Credit 0+ yr Index | 11.0% |
| NZ fixed interest | Bloomberg NZBond Composite 0+ yr Index | 20.0% |
| International fixed interest | Bloomberg Global Aggregate Index hedged into NZD | 31.0% |
| TOTAL INCOME ASSETS | | 77.0% |
| Australasian equities | S&P/NZX 50 Index Gross with Imputation Index | 6.0% |
| Listed property | S&P/NZX All Real Estate (Sector) Gross with Imputation Index | 3.0% |
| International equities | MSCI All Countries World Index (net dividends reinvested), expressed in NZD | 7.0% |
| International equities | MSCI All Countries World Index (net dividends reinvested) 100% gross hedged to NZD | 7.0% |
| TOTAL GROWTH ASSETS | | 23.0% |

Nikko AM Income Fund

The Fund will invest directly held market securities, to provide exposure to the asset classes listed in the asset allocation table below.

Description of the Fund

This fund aims to provide investors with regular income from an actively managed investment portfolio while protecting the capital value of investors' funds.

Investment Objective

The objective of the Fund is to construct a portfolio of Authorised Investments that outperforms the Reserve Bank of New Zealand's Official Cash Rate +3.00% p.a. over a rolling three-year period before fees and taxes.

Target Asset Allocation

| Asset Class | Target Allocation | Range |
|---|-------------------|--------|
| New Zealand fixed interest | 65% | 0-90% |
| Australasian equities and listed property | 35% | 0-45% |
| International fixed interest | 0 | 0-20% |
| Cash and cash equivalents | 0 | 0-100% |

Appropriate Market Index

| Asset Class | Appropriate Market Index | Target Asset Allocation |
|---|--|-------------------------|
| NZ Fixed Interest | Bloomberg NZBond Credit 0+ year Index | 65% |
| Australasian equities and listed property | S&P/NZX 50 Index Gross with Imputation Credits | 35% |

Currency Management

Foreign currency exposures created as a consequence of capital markets investment may be hedged to NZD at the Manager's discretion with an operational range of 0% to 105%.

Nikko AM Freedom Fund

The Fund will invest in a selection of Nikko AM Wholesale Funds, to provide exposure to the asset classes listed in the asset allocation table below.

Description of the Fund

To provide an income stream for charitable purposes working in the area of human trafficking and modern slavery. Investors do not receive any financial returns but are able to access their capital when required.

Investment Objective

The objective of the Fund is to construct a portfolio of Authorised Investments that generate a modest level of income without incurring material risk of capital losses which outperforms the RBNZ Official Cash Rate +0.5%.

Target Asset Allocation

| Asset Class | Target Allocation | Range | Underlying Fund | Target Allocation | Benchmark |
|----------------------------|-------------------|---------------|---|-------------------|--|
| New Zealand Fixed Interest | 50.0% | 45.0% - 55.0% | Nikko AM Wholesale NZ Corporate Bond Fund | 50.0% | Bloomberg NZBond Credit 0+ year Index |
| | | | Nikko AM Wholesale NZ Bond Fund | 0.0% | Bloomberg NZBond Composite 0+ year Index |
| Cash and cash equivalents | 50.0% | 45.0% -55.0% | Nikko AM NZ Cash Fund | 50.0% | Bloomberg NZBond Bank Bill Index |

Currency Management

Currency hedging contracts, if any, are held in the sector funds listed in the Strategic Asset Allocation. Currency management in accordance with the Nikko AM NZ Currency Risk Management Policy.

Sector Funds

Nikko AM NZ Cash Fund

The Fund will invest in an Underlying Fund, Nikko AM Wholesale NZ Cash Fund, the to provide exposure to the asset classes described below.

Description of the Underlying Fund

Aims to provide investors with regular income by constructing an actively managed investment portfolio of short-term deposits and bonds whilst preserving capital value.

Investment Objective

The objective of the Underlying Fund is to outperform the Bloomberg NZBond Bank Bill Index by 0.20% p.a. over a rolling three-year period before fees, expenses and taxes.

Target Asset Allocation – Underlying Fund

| Asset Class | Appropriate Market Index | Target Asset Allocation | Range |
|--|----------------------------------|-------------------------|---------|
| Cash and cash equivalents | Bloomberg NZBond Bank Bill Index | 100% | 95-100% |
| Cash on call for investor transactions | | 0% | 0-5% |

Currency Management

All Investments will be in New Zealand dollars.

Nikko AM NZ Bond Fund

The Fund will invest in an Underlying Fund, Nikko AM Wholesale NZ Bond Fund, the to provide exposure to the asset classes described below.

Description of the Underlying Fund

Aims to provide investors with regular income by constructing an actively managed investment portfolio of New Zealand bonds, deposits and cash with the potential for capital gain from predominantly New Zealand fixed interest markets.

Investment Objective

The objective of the Underlying Fund is to outperform the Bloomberg NZBond Composite 0+ Yr Index by 0.6% p.a. over a rolling three-year period before fees, expenses and taxes.

Target Asset Allocation – Underlying Fund

| Asset Class | Appropriate Market Index | Target Asset Allocation | Range |
|--|--|-------------------------|---------|
| New Zealand Fixed Interest | Bloomberg NZBond Composite 0+ Yr Index | 100% | 95-100% |
| Cash on call for investor transactions | | 0 | 0-5% |

Currency Management

Foreign currency exposures created as a consequence of capital markets investment are hedged to NZD within an operational range of 95% to 105%. Currency hedging contracts are held in the Nikko AM Wholesale NZ Bond Fund.

Nikko AM NZ Corporate Bond Fund

The Fund will invest in an Underlying Fund, Nikko AM Wholesale NZ Corporate Bond Fund, to provide exposure to the asset classes described below.

Description of the Underlying Fund

This fund is designed to provide regular income by constructing an actively managed investment portfolio of predominantly New Zealand bonds, deposits and cash, while protecting the capital value of investors' funds.

Investment Objective

The objective of the Underlying Fund is to outperform the Bloomberg NZBond Credit 0+ Yr Index by 0.70% p.a. over a rolling three-year period before fees, expenses and taxes.

Target Asset Allocation – Underlying Fund

| Asset Class | Appropriate Market Index | Target Asset Allocation | Range |
|--|-------------------------------------|-------------------------|---------|
| New Zealand Fixed Interest | Bloomberg NZBond Credit 0+ Yr Index | 100% | 95-100% |
| Cash on call for investor transactions | | 0 | 0-5% |

Currency Management

Foreign currency exposures created as a consequence of capital markets investment are hedged to NZD within an operational range of 95% to 105%. Currency hedging contracts are held in the Nikko AM Wholesale NZ Corporate Bond Fund.

Nikko AM Global Bond Fund

The Fund will invest in an Underlying Fund, the Nikko AM Wholesale Global Bond Fund, to provide exposure to the asset classes described below.

Description of the Underlying Fund

This fund aims to provide investors with regular income by constructing an actively managed investment portfolio of permitted investments, with the potential for capital gain from global fixed interest markets.

Investment Objective

The objective of the Underlying Fund is to outperform the Bloomberg Global Aggregate Index, hedged into NZD 1.00% p.a. over a rolling three-year period before fees, expenses and taxes.

Target Asset Allocation – Underlying Fund

| Asset Class | Appropriate Market Index | Target Asset Allocation | Range |
|--|----------------------------------|-------------------------|---------|
| International Fixed Interest | Bloomberg Global Aggregate Index | 100% | 95-100% |
| Cash on call for investor transactions | | 0 | 0-5% |

Currency Management

Foreign currency exposures created as a consequence of capital markets investment remain hedged to NZD within an operational range of 98.5% to 101.5%. Currency hedging contracts are held in the Nikko AM Wholesale Global Bond Fund.

Nikko AM Core Equity Fund

The Fund will invest in an Underlying Fund, Nikko AM Wholesale Core Equity Fund, to provide exposure to the asset classes described below.

Description of the Underlying Fund

Aims to provide investors with an exposure to New Zealand and Australian equity markets from an actively managed investment portfolio with potential for growth of income and capital.

Investment Objective

The objective of this fund is to outperform the S&P/NZX 50 Index Gross (with Imputation credits) Index by 3.00% p.a. over a rolling three-year period before fees, expenses and taxes.

Target Asset Allocation – Underlying Fund

| Asset Class | Appropriate Market Index | Target Asset Allocation | Range |
|--|--|-------------------------|---------|
| Australasian equities | S&P/NZX 50 Index Gross (with Imputation credits) Index | 100% | 95-100% |
| Cash on call for investor transactions | | 0 | 0-5% |

Currency Management

Foreign currency exposures created as a consequence of capital markets investment may be hedged to NZD at the Manager's discretion with an operational range of 0% to 105%. Currency hedging contracts are held in the Nikko AM Wholesale Core Equity Fund.

Nikko AM SRI Equity Fund

The Fund will invest in an Underlying Fund, Nikko AM Wholesale SRI Equity Fund, to provide exposure to the asset classes described below.

Description of the Underlying Fund

Aims to provide investors with an exposure to New Zealand and Australian equity markets from an actively managed investment portfolio with potential for growth of income and capital. The Fund will exclude certain securities under a socially responsible investment framework.

Investment Objective

The objective of this fund is to outperform the S&P/NZX 50 Index Gross (with Imputation credits) Index by 3.00% p.a. over a rolling three-year period before fees, expenses and taxes.

Target Asset Allocation – Underlying Fund

| Asset Class | Appropriate Market Index | Target Asset Allocation | Range |
|--|--|-------------------------|---------|
| Australasian equities | S&P/NZX 50 Index Gross (with Imputation credits) Index | 100% | 95-100% |
| Cash on call for investor transactions | | 0 | 0-5% |

Currency Management

Foreign currency exposures created as a consequence of capital markets investment may be hedged to NZD at the Manager's discretion with an operational range of 0% to 105%. Currency hedging contracts are held in the Nikko AM Wholesale Core Equity Fund.

Nikko AM Concentrated Equity Fund

The Fund will invest in an Underlying Fund, Nikko AM Wholesale Concentrated Equity Fund, to provide exposure to the asset classes described below.

Description of the Underlying Fund

Aims to provide investors with a concentrated exposure to New Zealand and Australian equity markets from an actively managed investment portfolio.

Investment Objective

The objective of the fund is to outperform the RBNZ Official Cash Rate plus 5% per annum over a rolling three-year period before fees, expenses and taxes.

Target Asset Allocation – Underlying Fund

| Asset Class | Appropriate Market Index | Target Asset Allocation | Range |
|--|--|-------------------------|---------|
| Australasian equities | S&P/NZX 50 Index Gross (with Imputation credits) Index | 100% | 95-100% |
| Cash on call for investor transactions | | 0 | 0-5% |

Currency Management

Foreign currency exposures created as a consequence of capital markets investment may be hedged to NZD at the Manager's discretion with an operational range of 0% to 105%. Currency hedging contracts are held in the Nikko AM Wholesale Concentrated Equity Fund.

Nikko AM Global Shares Fund

The Fund will invest in an Underlying Fund, Nikko AM Wholesale Global Shares Fund, to provide exposure to the asset classes described below

Description of the Underlying Fund

Aims to provide investors with a relatively concentrated actively managed investment portfolio of global equities to achieve long term capital growth.

For the Nikko AM Wholesale Global Shares Fund, we utilise a global equity strategy managed by a specialist team in Nikko Asset Management Europe, based in Edinburgh, Scotland. As the appointed global manager, Nikko Asset Management Europe are responsible for the investment management of the assets.

Investment Objective

The objective of this fund is to outperform the MSCI ACWI with net dividends reinvested, expressed in NZD (unhedged) Index by 3.00% per annum over a rolling three-year period before fees, expenses and taxes.

Target Asset Allocation – Underlying Fund

| Asset Class | Appropriate Market Index | Target Asset Allocation | Range |
|--|--|-------------------------|---------|
| International equities | MSCI ACWI, with net dividends reinvested unhedged in NZD | 100% | 95-100% |
| Cash on call for investor transactions | | 0 | 0-5% |

Currency Management

Foreign currency exposures created as a consequence of capital markets investment remain unhedged to NZD.

Nikko AM Global Shares Hedged Fund

The Fund will invest in an Underlying Fund, Nikko AM Wholesale Global Shares Hedged Fund, to provide exposure to the asset classes described below.

Description of the Underlying Fund

Aims to provide investors with a relatively concentrated actively managed investment portfolio of global equities to achieve long term capital growth. Currency exposures created as a consequence of global equity investment are gross hedged 100% to the NZD.

For the Nikko AM Wholesale Global Shares Fund we utilise a global equity strategy managed by a specialist team in Nikko Asset Management Europe, based in Edinburgh, Scotland. As the appointed global manager, Nikko Asset Management Europe are responsible for the investment management of the assets.

Investment Objective

The objective of the Underlying Fund is to outperform the MSCI All Countries World Index (net dividends reinvested), gross hedged 100% to NZD Index by 3.00% per annum over a rolling three-year period before fees, expenses and taxes.

Target Asset Allocation – Underlying Fund

| Asset Class | Appropriate Market Index | Target Asset Allocation | Range |
|--|---|-------------------------|---------|
| International equities | MSCI ACWI, with net dividends reinvested 100% hedged to NZD | 100% | 95-100% |
| Cash on call for investor transactions | | 0 | 0-5% |

Currency Management

Foreign currency exposures created as a consequence of capital markets investment are gross hedged at 100% to NZD. The permitted operational hedging range is 95% – 105%.

Nikko AM Global Equity Multi-Manager Unhedged Fund

The Fund will invest in an Underlying Fund, Nikko AM Wholesale Global Equity Multi-Manager Unhedged Fund, to provide exposure to the asset classes described below.

Description of the Underlying Fund

Aims to provide investors with long-term growth from an actively managed investment portfolio selected from global equity markets.

For the Nikko AM Wholesale Global Equity Unhedged Fund, we utilise a multi-manager global equity strategy managed by Yarra Capital Management. The appointed global managers (currently WCM Investment Management, Royal London Asset Management and Nikko Asset Management Europe Ltd, JP Morgan Asset Management) are responsible for the investment management of the assets.

Investment Objective

Aims to outperform the MSCI All Countries World Index (net dividends reinvested), expressed in NZD (unhedged) Index by 3.00% p.a. over a rolling three-year period before fees, expenses and taxes.

Target Asset Allocation – Underlying Fund

| Asset Class | Appropriate Market Index | Target Asset Allocation | Range |
|--|--|-------------------------|---------|
| International equities | MSCI ACWI, with net dividends reinvested unhedged in NZD | 100% | 95-100% |
| Cash on call for investor transactions | | 0 | 0-5% |

Currency Management

All currency exposures created as a consequence of global equity market investment remain unhedged to NZD.

Nikko AM Global Equity Multi-Manager Hedged Fund

The Fund will invest in an Underlying Fund, Nikko AM Wholesale Global Equity Multi-Manager Hedged Fund, to provide exposure to the asset classes described below.

Description of the Underlying Fund

Aims to provide investors with long-term growth from an actively managed investment portfolio selected from global equity markets.

For the Nikko AM Wholesale Global Equity Unhedged Fund, in which the underlying fund invests in, we utilise a multi-manager global equity strategy managed by Yarra Capital Management. The appointed global managers (currently WCM Investment Management, Royal London Asset Management and Nikko Asset Management Europe Ltd, JP Morgan Asset Management) are responsible for the investment management of the assets.

Investment Objective

The objective of this fund is to outperform the MSCI All Countries World Index (net dividends reinvested), gross hedged 100% to NZD by 3.00% p.a. over a rolling three-year period before fees, expenses and taxes.

Target Asset Allocation – Underlying Fund

| Asset Class | Appropriate Market Index | Target Asset Allocation | Range |
|--|---|-------------------------|---------|
| International equities | MSCI ACWI, with net dividends reinvested 100% hedged to NZD | 100% | 95-100% |
| Cash on call for investor transactions | | 0 | 0-5% |

Currency Management

Foreign currency exposures created as a consequence of capital markets investment are gross hedged at 100% to NZD. The permitted operational hedging range is 95% – 105%.

Nikko AM ARK Disruptive Innovation Fund

The Fund will invest in an Underlying Fund, Nikko AM Wholesale ARK Disruptive Innovation Fund, to provide exposure to the asset classes described below.

Description of the Fund

Disruptive innovation is caused by the introduction of new technologically enabled products or services that permanently change an industry or economic sector by providing greater simplicity, accuracy, customisation and accessibility while driving down costs.

The Fund provides access to a global share portfolio that offers thematic exposure to disruptive innovation across a number of sectors and geographies.

Investment Objective

The objective of the fund is an absolute return of 10% per annum over a rolling five-year period before fees, expenses and taxes.

Target Asset Allocation – Underlying Fund

| Asset Class | Appropriate Market Index | Target Asset Allocation | Range |
|--|--|-------------------------|---------|
| International equities | AMI -NASDAQ-100 Notional Net Total Return Index in NZD | 100% | 95-100% |
| Cash on call for investor transactions | | 0 | 0-5% |

Currency Management


Foreign currency exposures created as a consequence of capital markets investment remain unhedged to NZD.

Appendix C - Responsible Investing – additional information

Responsible investing is an important component of the decision making in all our funds. Nikko AM believes that good portfolio management requires analysts and portfolio managers to understand the influence of these factors on price and business sustainability, and therefore investors.


Definitions of Restrictions

These restrictions cover areas that are intended to be consistent across all portfolios over which Nikko AM has control. This control is either due to the portfolios being managed by Nikko AM or are mandates that can be amended unilaterally by Nikko AM.

| | Tobacco ^{1,2} | Fossil Fuels | Controversial weapons | Gambling | Adult Entertainment | Alcohol |
|--|---|--|--|--|---|---|
| | Companies with > 10% revenue from tobacco-related business activities | Companies with > 10% revenue from the extraction of thermal coal and/or tar sands oil. | Companies directly involved in the development and production (manufacture), sale or distribution of cluster munitions; anti-personnel mines; and biological, chemical or nuclear weapons. | Companies with > 10% revenue from gambling-related business activities | Companies with > 10% revenue from adult entertainment related business activities | Companies with > 10% revenue from alcohol related business activities |
| Nikko AM Wholesale NZ Cash Fund | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Nikko AM Wholesale NZ Bond Fund | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Nikko AM Wholesale NZ Corporate Bond Fund | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Nikko AM Wholesale SRI Equity Fund | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Nikko AM Wholesale Core Equity Fund | ✓ | ✓ | ✓ | | | |
| Nikko AM Wholesale Concentrated Equity Fund | ✓ | ✓ | ✓ | | | |
| Nikko AM Wholesale Property Fund | ✓ | ✓ | ✓ | | | |
| Nikko AM Wholesale Global Shares - Unhedged and Hedged Funds | Investment prohibited in tobacco manufactures, defined as those included in GICS code 30203010 | ✓ | ✓ | ✓ | ✓ | ✓ |
| Nikko AM Wholesale Global Equity Multi-Manager Unhedged and Hedged Funds | Investment prohibited in tobacco manufactures, defined as those included in GICS code 30203010 | | Investment prohibited in any security that conducts activities listed on the Schedule to the Cluster Munitions Prohibition Act 2009. | | | |
| Nikko AM Wholesale Global Bond Fund | The Manager is not permitted to purchase investments in tobacco manufacturers. Tobacco manufacturers will be identified based on information provided by third party data vendors appointed by the Manager. | ✓ | The Manager is not permitted to purchase investments for the Portfolio of any entity listed by their appointed third-party research provider as being involved in 'controversial weapons' | | | |
| Nikko AM Wholesale ARK Disruptive Innovation Fund | | |  | | | |

¹ For domestic sectors, the universe of stocks and securities available for investment does not currently include any companies that fall within the tobacco sub-industry definition. Accordingly, Nikko AM has determined that tobacco exposure will instead be measured by the level of income that can be directly attributed to tobacco products, and that any company with income from tobacco products exceeding 10% of gross revenues will be excluded.

² For global sectors, this exclusion is determined based on, whether a company is classified in the sub-industry "Tobacco". These industry classifications are determined by major global index providers and are internationally recognized, every company is assigned to a sub-industry by its principal business activity.

 This fund is not actively managed by Nikko AM. The underlying Manager uses their own ESG framework, definitions, and processes for investment decisions.

How restrictions are applied

For the domestic sectors which are managed internally by Nikko AM NZ, restrictions are monitored directly by the portfolio managers and analysts. Publicly available data may be limited and, in some instances, companies are not required to disclose information. For domestic sectors, portfolio managers engage directly on a periodic bases to get additional information. Restriction monitoring is then updated on an ongoing basis as new information becomes available.

Global Shares Funds is managed by a related party manager, Nikko AM Global Equities Multi-Manager and the Global Bond Fund by an external manager. Restrictions, which may result in specific exclusions, are monitored using 3rd party vendors appointed by the managers of these funds. These vendors may change from time to time. Due to the timing and availability of data, it may not always be possible to identify in a timely fashion which company/companies should be included in this exclusion list, and that based on different sources of data, different vendors could provide different exclusion lists at any point in time. It is not considered a breach of mandate or this SIPO if the vendor engaged in monitoring this restriction reaches a different conclusion on any particular company to another vendor, and it is acknowledged that differences in research opinion will occur from time to time.

The restrictions and monitoring of activity does not apply to:

- Securities issued by governments who may be involved in and/or have revenue sources from the industries described below. However, Nikko AM NZ has internal controls reasonably designed to ensure compliance with applicable economic sanctions and trade embargo regulations. Nikko AM NZ periodically confirms with its Delegated Managers their compliance arrangements to manage applicable sanctions obligations
- Second order factors refer to activities undertaken by companies which are not considered part of their primary business activity for example, if we held shares in a company that owns buildings and their tenants sell alcohol and tobacco products; or if we held shares in a freight company whose clients require them to transport restricted items, these would not be included in the assessment of restrictions of our funds

Restriction Monitoring

Revenue thresholds will be reviewed periodically for relevant mandate compliance based on available information. The review will occur no less than annually. Where information cannot be obtained, the manager will determine the suitability of the investment in the context of the mandate guidelines. In addition, if we become aware of a company's position changing between assessments and the manager has exposure to that company, required sales will be made in a reasonable period of time (typically within 1 month).

Such exposure shall also not be considered a breach of this SIPO.

Nikko AM will not be deemed in breach of any obligation in regard to these restrictions and shall incur no liability for losses resulting from the acts or omissions of any third-party monitoring vendor. Omissions include but are not limited to new issues or new issuers to which vendors would not yet have data mapped at a security level. The Manager will make reasonable efforts to map vendor data to new issues, but there may be instances in which vendors ultimately map their data in a manner that would result in a breach. Such an event will not be deemed a violation and the Manager will bring the portfolio into compliance similar to other instances that would be considered a passive breach. While gathering their data, vendors may assume certain value judgements (e.g., regarding the adequacy of a company's program for addressing a specific issue). The Manager does not verify those judgements, nor quantify their impact upon our analysis. These specific third-party monitoring vendors, categories, and/or thresholds may be amended or altered over time.

NIKKO AM NZ INVESTMENT SCHEME

Statement of Investment Policy and Objectives

| Version Control | Reasons for Change | Author/Editor | Date |
|-----------------|--|---|----------------|
| Inaugural SIPO | Formal adoption for "opt in" | Nikko AM NZ Compliance, Risk and Disclosure Committee | 16-Jun-16 |
| SIPO v2 | Removal of fund in wind up | Nikko AM NZ Compliance, Risk and Disclosure Committee | 1-Mar-17 |
| SIPO v3 | Addition of Nikko AM Global Shares Fund | Nikko AM NZ Compliance, Risk and Disclosure Committee | 3-Aug-17 |
| SIPO v4 | Changes for Nikko AM Wholesale NZ Corporate Bond launch | Nikko AM NZ Compliance, Risk and Disclosure Committee | 29-Sep 2017 |
| SIPO v5 | Change of Income Fund benchmark | Nikko AM NZ Compliance, Risk and Disclosure Committee | 23-Nov 2017 |
| SIPO v6 | Full review, and launch of Nikko AM Option Fund, Nikko AM Conservative Fund, Nikko AM Balanced Fund, Nikko AM Growth Fund | Nikko AM NZ Compliance, Risk and Disclosure Committee | 3-Apr-18 |
| SIPO v7 | Change of SAAs | Nikko AM NZ Compliance, Risk and Disclosure Committee | 31-May-18 |
| SIPO v8 | Remove reference to Nikko AM Retail Multi-Strategy Fund Remove reference to Global Equity Hedged and Unhedged funds in Growth Fund, Balanced Fund and Conservative Fund. Change of composite benchmark for Nikko AM Conservative Fund, Nikko AM Balanced Fund, Nikko AM Growth Fund. Change of benchmark and Objective for NZ Bond Fund Change of benchmark and Objective for NZ Corporate Bond Fund Additional specific restrictions for Global Shares Fund Additional specific restrictions for Global Bond Fund | Nikko AM NZ Compliance, Risk and Disclosure Committee | 24-Jan 2019 |
| SIPO v9 | Addition of Nikko AM Global Shares Hedged Fund SAA change – for Nikko AM Wholesale Conservative Fund, Nikko AM Wholesale Balanced Fund, Nikko AM Wholesale Growth Fund. Change of composite benchmark for Conservative Fund, Balanced Fund and Growth Fund. | Nikko AM NZ Compliance, Risk and Disclosure Committee | 10-May-19 |
| SIPO v10 | - Addition of the Nikko AM Disruptive Innovation Fund | Nikko AM NZ Compliance, Risk and Disclosure Committee | 3-Sep-19 |
| SIPO v11 | Change of investment objective for the Income Fund Fossil fuel threshold restriction updated for Global Shares and Global Shares Hedged | Nikko AM NZ Compliance, Risk and Disclosure Committee | 17-Dec-19 |
| SIPO v12 | SAA change – for Nikko AM Wholesale Balanced Fund, Nikko AM Wholesale Growth Fund. Change of composite benchmark for Balanced Fund and Growth Fund. Update benchmark ARK Disruptive Innovation Fund. | Nikko AM NZ Compliance, Risk and Disclosure Committee | 8-Apr-20 |
| SIPO v13 | Nikko AM Income Fund – new SAA, benchmark, investment objective. SRI restrictions added – Cash, Corporate Bond and NZ Bond Funds. Manager change – Global Equity and Global Equity Hedged Funds. | Nikko AM NZ Compliance, Risk and Disclosure Committee | 26-May-20 |
| SIPO v14 | - SAA change – for Nikko AM Wholesale Conservative Fund, Nikko AM Wholesale Balanced Fund, Nikko AM Wholesale Growth Fund. - Change of composite benchmark for Conservative Fund, Balanced Fund and Growth Fund. - Update as Nikko AM ARK Disruptive Innovation Fund now invests in the Wholesale version of the fund, rather than direct in UCITS | Nikko AM NZ Investment Committee | 7-Sep-20 |
| SIPO v15 | - Benchmark change for Nikko AM Wholesale Multi-Strategy Fund - Nikko AM Wholesale Conservative, Balanced and Growth Funds now invest in the Nikko AM Wholesale Multi-Strategy Fund, rather than direct in the JPMAMM UCITS - Removal of reference to Nikko AM Option Fund | Nikko AM NZ Investment Committee | 31-May-21 |
| SIPO v16 | - Addition of Nikko AM Freedom Fund - Addition of Section C for ESG and Specific restrictions, adds specific restriction to Core Equity, Concentrated Equity and Global Bond Funds. | Nikko AM NZ Investment Committee | 29-Jul-21 |
| SIPO v17 | - updates to Section C - Addition of Appendix 1 – Responsible Investing – additional information - Addition of Nikko AM SRI Equity Fund | Nikko AM NZ Compliance, Risk and Disclosure Committee | 14-Dec-21 |
| SIPO v18 | - SAA change – for Nikko AM Wholesale Conservative Fund, Nikko AM Wholesale Balanced Fund, Nikko AM Wholesale Growth Fund. - Change of composite benchmark for Conservative Fund, Balanced Fund and Growth Fund | Nikko AM NZ Compliance, Risk and Disclosure Committee | 27-Jun-22 |
| SIPO v19 | - Clarification of currency hedging with regards to leverage | Nikko AM NZ Compliance, Risk and Disclosure Committee | 6-Dec-22 |
| SIPO v20 | - Hedging ranges for Global Shares and Global Equity Hedged Funds - Benchmark change Property Fund - Name change of retail Global Equity Unhedged and Hedged Funds to 'Multi-Manager' - Update of benchmark name Global Bonds | Nikko AM Compliance, Risk and Disclosure Committee | 24-May-23 |
| SIPO v21 | - SAA change – for Nikko AM Wholesale Conservative Fund, Nikko AM Wholesale Balanced Fund, Nikko AM Wholesale Growth Fund. | Nikko AM NZ Compliance, Risk and Disclosure Committee | 23-Aug-24 |