

Nikko AM NZ Investment Scheme

# NIKKO AM CONCENTRATED EQUITY FUND

## Fund Update



### What is the purpose of this update?

This is a replacement fund update, replacing the previous fund update for the quarter ending 31 December 2016, first made publicly available on 13 February 2017. We identified that in that fund update, the calculation of the annual return (after deductions for charges and tax) was incorrect. This has now been corrected in this fund update and has resulted in changes to the following sections: "How has this fund performed?" and "Example of how this applies to an investor".

This document tells you how the Nikko AM Concentrated Equity Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. Nikko AM NZ prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

### Description of this fund

The Fund aims to outperform the RBNZ Official Cash Rate plus 5.0% per annum over a rolling three year period before fees, expenses and taxes. The Fund aims to provide investors with a concentrated exposure to New Zealand and Australian equity markets from an actively managed investment portfolio.

Total value of the fund	\$30,201,602
The date the fund started	21 August 2006

### What are the risks of investing?

#### Risk indicator for Nikko AM Concentrated Equity Fund



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. 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 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 the returns data for the five year period to December 2016. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates.

See the product disclosure statement (PDS) for more information about the risks associated with investing in this fund.

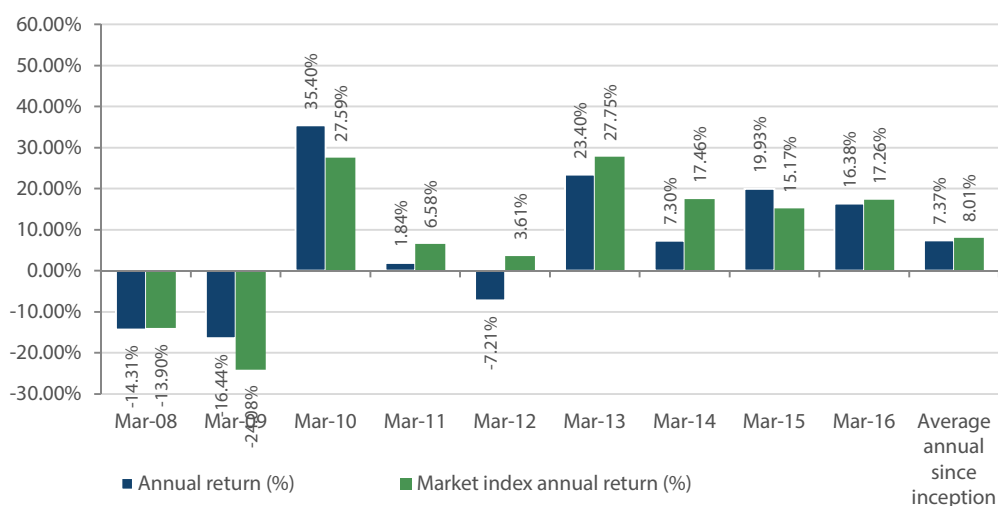
## How has the fund performed?

	Average over past 5 years	Past year
Annual return <i>(after deductions for charges and tax)</i>	14.03%	5.30%
Annual return <i>(after deductions for charges but before tax)</i>	15.20%	6.19%
Market index annual return <i>(reflects no deduction for charges and tax)</i>	17.51%	10.10%

The market index on which the annual return is based is the S&P/NZX 50 Index Gross (with Imputation Credits).

Additional information about the market index is available on the offer register.

### Annual return graph<sup>1</sup>



This shows the return after fund charges and tax for each year ending 31 March since the fund started. The last bar shows the average annual return since the fund started, up to December 2016.

**Important:** This does not tell you how the fund will perform in the future.

Returns in this update are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower.

Prior to 31 March 2008 the returns in this update are after tax at 33%. From 1 April 2008 to 30 September 2010 the returns are after tax at 30% and from 1 October 2010 onwards the returns are after tax at 28%.

## What fees are investors charged?

Investors in the Nikko AM Concentrated Equity Fund are charged fund charges. In the year to 31 March 2016, these were:

	% of net asset value
<b>Total fund charges</b>	<b>2.49%</b>
Which are made up of:	
<b>Total management and administration charges</b>	<b>1.28%</b>
Including:	
Manager's basic fee	1.02%
Other management and administration charges	0.26%
<b>Total performance-based fees</b>	<b>1.21%</b>

See the Product Disclosure Statement for more information about the basis on which performance fee are charged. Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the Nikko AM Concentrated Equity Fund PDS for more information about those fees.

## Example of how this applies to an investor

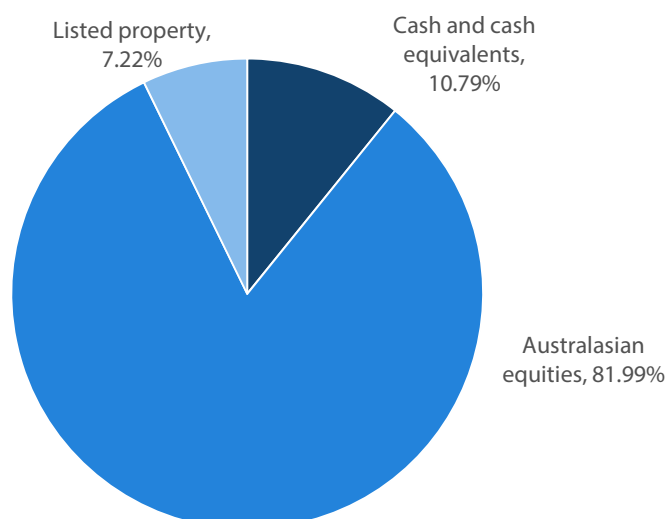
Small differences in fees and charges can have a big impact on your investment over the long term.

Hayley had \$10,000 in the fund at the start of the year<sup>2</sup> and did not make any further contributions. At the end of the year, Hayley received a return after fund charges were deducted of \$1,794 (that is 17.94% of her initial \$10,000). Hayley paid no other charges. This gives Hayley a total return after tax of \$1,638 for the year.

## What does the fund invest in?

This shows the types of assets that the fund invests in.

### Actual investment mix



### Target investment mix

Australasian equities <sup>3</sup>	100%
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## Top 10 investments

Name	Percentage of fund's net asset value	Type	Country	Credit rating (if debt securities)
1 Contact Energy Limited	13.38%	Australasian equities	New Zealand	n/a
2 Infratil Limited	12.21%	Australasian equities	New Zealand	n/a
3 Metlife Care Ltd	10.62%	Australasian equities	New Zealand	n/a
4 Aristocrat Leisure Ltd	8.93%	Australasian equities	Australia	n/a
5 Call Cash – Westpac Banking Corporation	7.86%	Cash and cash equivalents	New Zealand	AA-
6 Property Link Group Pty Ltd	7.17%	Listed property	Australia	n/a
7 Fisher & Paykel Healthcare Corporation Ltd	7.13%	Australasian equities	New Zealand	n/a
8 Japara Healthcare Ltd	5.44%	Australasian equities	Australia	n/a
9 Aconex Limited	4.82%	Australasian equities	Australia	n/a
10 The A2 Milk Company Limited	4.45%	Australasian equities	New Zealand	n/a

The total value of the top 10 investments make up 82.01% of the net asset value of the fund.

## Key personnel

Name	Current position	Time in current position	Previous or other current position	Time in previous or other current position
1 Stuart Williams	Head of Equities	2 years and 5 months	Portfolio Manager – OnePath (NZ) Limited	1 year and 7 months
2 James Lindsay	Senior Portfolio Manager	4 years and 9 months	Domestic Equity Manager – Nikko Asset Management New Zealand Limited	11 years and 0 months
3 Michael Sherrock	Portfolio Manager	2 year and 2 months	Investment Analyst – Nikko Asset Management New Zealand Limited	8 years and 4 months
4 Michael De Cesare	Research Analyst	4 years and 6 months	Institutional Graduate Program – ANZ Institutional Bank	1 year and 5 months
5 George Carter	Managing Director	1 year and 2 months	Director, Head of Distribution, AMP Capital Investors NZ Limited	6 years and 4 months

## Further information

You can also obtain this information, the PDS for the Nikko AM Concentrated Equity Fund, and some additional information from the offer register at <https://www.companiesoffice.govt.nz/disclose>.

## Notes

- <sup>1</sup> The bar chart shows fund returns after the deduction of fees and taxes, however, the market index returns are shown before any fees or taxes are deducted.
- <sup>2</sup> For the purpose of this example, the start of the year is 1 April 2015.
- <sup>3</sup> All investments described in this fund update are in New Zealand dollars.