

Nikko AM NZ Investment Scheme

# NIKKO AM CONSERVATIVE FUND

## Fund Update



## What is the purpose of this update?

This document tells you how the Nikko AM Conservative 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 achieve a return which exceeds the benchmark return by 1.00% p.a. over a rolling three year period before fees, expenses and taxes. The Nikko AM Conservative Fund invests across a range of actively managed funds to create a diversified portfolio with a focus on lower risk assets.

Total value of the fund	\$2,447,210
The date the fund started	3 April 2018

## What are the risks of investing?

### Risk indicator for Nikko AM Conservative 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 June 2018<sup>1</sup>. 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?

	Past year
Annual return <i>(after deductions for charges and tax)</i>	Not applicable
Annual return <i>(after deductions for charges but before tax)</i>	Not applicable
Market index annual return <sup>2</sup> <i>(reflects no deduction for charges and tax)</i>	See below

The fund does not currently have an appropriate market index. Nikko AM NZ will utilise the Financial Markets Conduct (Market Index) Exemption Notice 2018 for future fund updates.

## What fees are investors charged?

Investors in the Nikko AM Conservative Fund are charged fund charges. Based on the PDS, dated 31 May 2018, these were expected to be (inclusive of GST where applicable):

	% of net asset value
<b>Total fund charges</b>	<b>0.81%</b>
Which are made up of:	
<b>Total management and administration charges</b>	<b>0.66%</b>
Including:	
Manager's basic fee	0.41%
Other management and administration charges	0.25%
<b>Total performance-based fees</b>	<b>0.15%</b>

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 NZ Investment Scheme PDS for more information about those fees.

## Example of how this applies to an investor

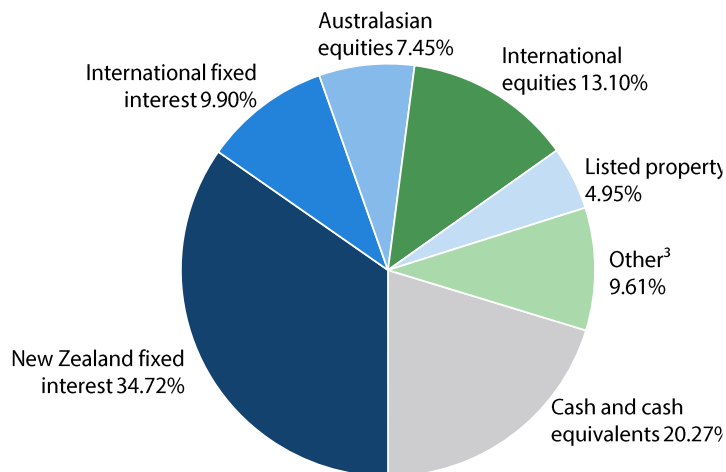
Small differences in fees and charges can have a big impact on your investment over the long term. For the purpose of this example, performance has been calculated from 23 April 2018 when the first investment was made into the fund.

Hayley made the first investment of \$10,000 into the fund and did not make any further contributions. As at 30 June 2018, Hayley received a return after fund charges were deducted of \$168 (that is 1.68% of her initial \$10,000). Hayley paid no other charges. This gives Hayley a total return after tax of \$154 for the period ending 30 June 2018.

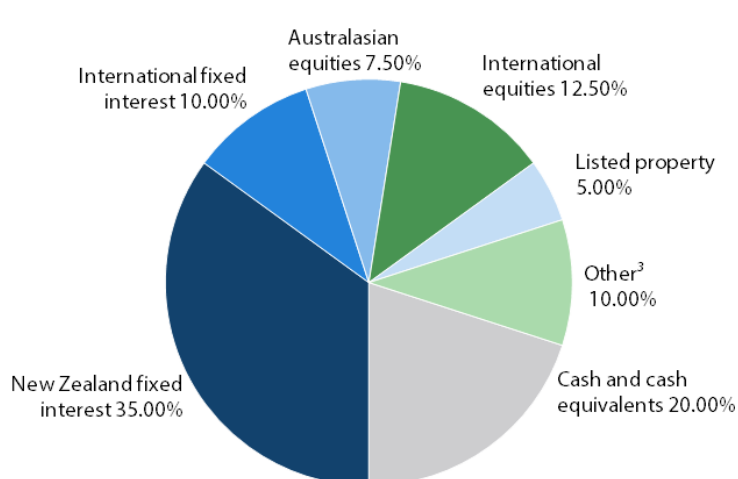
## What does the fund invest in?

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

### Actual investment mix



### Target investment mix<sup>4</sup>



## Top 10 investments

Name	Percentage of fund's net asset value	Type	Country	Credit rating (if debt securities)
1 JPM Multi Manager Alternatives	4.67%	Other – interest in a diversified fund	LU	n/a
2 Westpac NZD Call Account	2.12%	Cash and cash equivalents	NZ	A
3 Bank Of New Zealand 030223 4.261	1.44%	New Zealand fixed interest	NZ	AAA
4 New Zealand Government 150427 4.50	1.25%	New Zealand fixed interest	NZ	AA+
5 Kiwibank Limited 130519 FRN	1.24%	Cash and cash equivalents	NZ	A+
6 New Zealand Government 150423 5.5	1.15%	New Zealand fixed interest	NZ	AA+
7 Kiwibank Ltd 290520 4.6475	1.09%	New Zealand fixed interest	NZ	A+
8 New Zealand Government 150521 6.0	1.07%	New Zealand fixed interest	NZ	AA+
9 Fonterra Cooperative Group Ltd 250222 5.90	1.04%	New Zealand fixed interest	NZ	A-
10 Spark Finance Ltd 250322 4.50	0.99%	New Zealand fixed interest	NZ	A-

The total value of the top 10 investments makes up 16.06% 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	George Carter	Managing Director and Member of Investment Committee	2 years and 8 months	Director, Head of Distribution, AMP Capital Investors NZ Limited	6 years and 4 months
2	Fergus McDonald	Head of Bonds and Currency and Member of Investment Committee	18 years and 0 months	NZ Fixed Interest Portfolio Manager - Nikko Asset Management New Zealand Limited	10 years and 5 months
3	Stuart Williams	Head of Equities and Member of Investment Committee	3 years and 11 months	Portfolio Manager – OnePath (NZ) Limited	1 year and 7 months
4	James Wesley	Head of Distribution and Member of Investment Committee	4 years and 7 months	Head of Australia, Wholesale – Threadneedle Investments	3 years
5	James Rogers	Head of Product and Operations and Member of Investment Committee	1 year and 3 months	Senior Project Manager – Nikko Asset Management New Zealand Limited	5 months

## Further information

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

## Notes

<sup>1</sup> Because the fund is less than five years old, the risk indicator uses returns data partly from returns of the fund, and partly (for the period July 2013 to March 2018) from the composite index. As a result of this, the risk indicator may provide a less reliable indicator of the potential future volatility of the fund.

<sup>2</sup> The table shows fund returns after the deduction of fees and taxes, however, the composite market index returns are shown before any fees or taxes are deducted.

<sup>3</sup> “Other” refers to the JPMorgan Funds – Multi-Manager Alternative Fund and the Nikko AM Wholesale Option Fund.

<sup>4</sup> All investments described in this fund update are in New Zealand dollars.