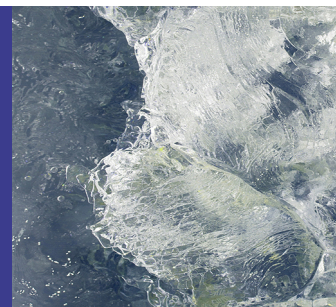


Nikko AM NZ Investment Scheme

NIKKO AM GLOBAL EQUITY HEDGED FUND

Fund Update



What is the purpose of this update?

This document tells you how the Nikko AM Global Equity Hedged 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.

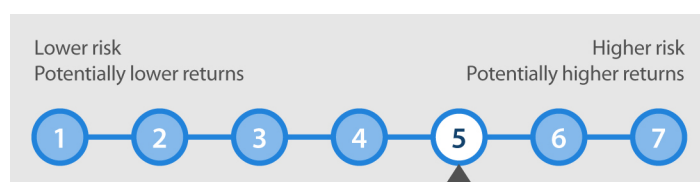
Description of this fund

The Fund aims to outperform the MSCI All Countries World Index (net dividends reinvested), hedged 139% to the New Zealand Dollar by 3.0% p.a. over a rolling three year period before fees, expenses and taxes. This fund aims to provide investors with long term growth from an actively managed investment portfolio selected from global equity markets with currency exposure created as a consequence of global equity investment hedged 139% to the New Zealand Dollar.

Total value of the fund	\$44,504,108
The date the fund started	14 January 2013

What are the risks of investing?

Risk indicator for Nikko AM Global Equity Hedged 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.

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 31 December 2018. 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.

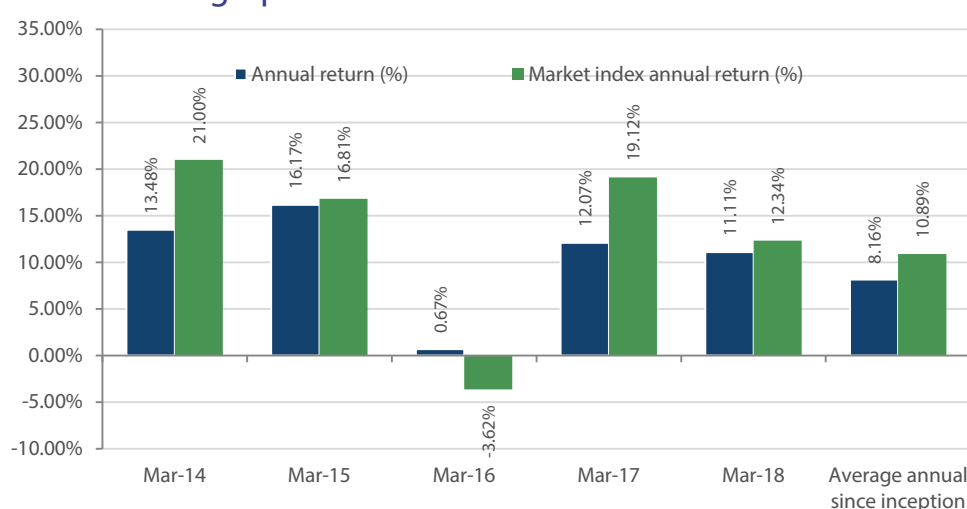
How has the fund performed?

	Average over past 5 years	Past year
Annual return <i>(after deductions for charges and tax)</i>	5.91%	-11.48%
Annual return <i>(after deductions for charges but before tax)</i>	6.31%	-12.44%
Market index annual return <i>(reflects no deduction for charges and tax)</i>	7.18%	-9.03%

The market index on which the annual return is based is the MSCI All Countries World Index (net dividends reinvested), gross hedged 139% to New Zealand Dollar.

Additional information about the market index is available on the offer register at www.companiesoffice.govt.nz/disclose.

Annual return graph¹



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 31 December 2018.

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.

What fees are investors charged?

Investors in the Nikko AM Global Equity Hedged Fund are charged fund charges. In the year to 31 March 2018, these were (inclusive of GST where applicable):

	% of net asset value
Total fund charges	1.39%
Which are made up of:	
Total management and administration charges	1.39%
Including:	
Manager's basic fee	1.27%
Other management and administration charges	0.12%
Total performance-based fees	0.00%

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 Global Equity Funds PDS for more information about those fees.

Example of how this applies to an investor

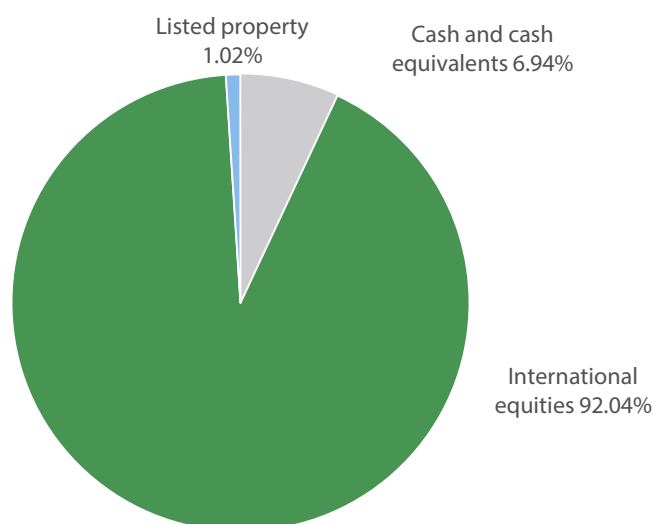
Small differences in fees and charges can have a big impact on your investment over the long term. For the purpose of this example, the start of the year is 1 April 2017.

Hayley had \$10,000 in the fund at the start of the year and did not make any further contributions. At the end of the year, Hayley received a return after fund charges were deducted of \$1,204 (that is 12.04% of her initial \$10,000). Hayley paid no other charges. This gives Hayley a total return after tax of \$1,111 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 mix²

International equities	100%
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Top 10 investments

Name	Percentage of fund's net asset value	Type	Country	Credit rating (if debt securities)
1 Westpac USD Cash Account	4.00%	Cash and cash equivalents	NZ	AA-
2 Amazon Com Inc	3.58%	International equities	US	n/a
3 Berkshire Hathaway Inc - Class B	2.84%	International equities	US	n/a
4 Wells Fargo & Company	2.44%	International equities	US	n/a
5 Alphabet Inc Com	2.32%	International equities	US	n/a
6 Taiwan Semiconductor Manufacturing	1.77%	International equities	TW	n/a
7 Alibaba Group Holding Ltd	1.75%	International equities	CN	n/a
8 Naspers Ltd	1.59%	International equities	ZA	n/a
9 Suncor Energy Inc	1.57%	International equities	CA	n/a
10 New Oriental Education ADR	1.51%	International equities	CN	n/a

The total value of the top 10 investments makes up 23.37% 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	3 years and 2 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 6 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	4 years and 5 months	Portfolio Manager – OnePath (NZ) Limited	1 year and 7 months
4	James Wesley	Head of Distribution and Member of Investment Committee	5 years and 1 month	Head of Australia, Wholesale – Threadneedle Investments	3 years
5	James Rogers	Head of Product and Operations and Member of Investment Committee	1 year and 9 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 Global Equity Funds, and some additional information from the offer register at <https://www.companiesoffice.govt.nz/disclose>.

Notes

¹ 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.

² All investments in this fund update are described in New Zealand dollars.