

Nikko AM NZ Investment Scheme

NIKKO AM MULTI-STRATEGY FUND

Fund Update



This fund is in wind up, with a wind up date of 15 March 2019. No applications are being taken.

What is the purpose of this update?

This document tells you how the Nikko AM Multi-Strategy 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 Bloomberg NZBond Bank Bill Index plus 3.0% p.a. over a rolling three year period after fees and expenses, before taxes. The Fund provides investors with access to a multi-manager, multi-strategy investment programme designed to generate capital appreciation over the long term through a portfolio having a diversified risk profile with low to medium volatility.

Total value of the fund	\$115,595,979
The date the fund started	22 April 2014

What are the risks of investing?



Risk indicator for Nikko AM Multi-Strategy 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 September 2018.¹ 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?

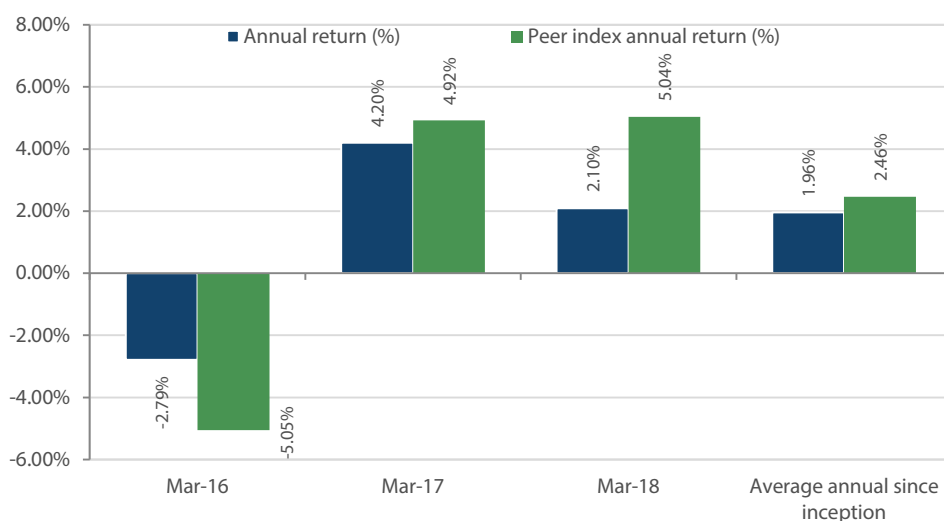
	Past year
Annual return <i>(after deductions for charges and tax)</i>	1.40%
Annual return <i>(after deductions for charges but before tax)</i>	2.77%
Peer group index annual return <i>(after deductions for charges but before tax)</i>	2.75%

Nikko AM NZ is relying on the Financial Markets Conduct (Market Index) Exemption Notice 2018. The annual return for the peer group index has been used because there is no appropriate market index for the fund. The peer group index on which the annual return is based is the Eurekahedge Fund of Fund Index in USD unhedged.

The Index is an equally weighted index of constituent funds. The index is designed to provide a broad measure of the performance of underlying investment managers who exclusively invest in single manager hedge funds. The index does not contain duplicate funds and is denominated in local currencies, expressed in USD unhedged. The returns are measured in terms of the gain/loss of the total portfolio values by performance (net of all fees) and capital inflow/outflows are excluded.

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

Annual return graph²



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 September 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 NZ Multi-Strategy 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*	3.27% (estimate) ³
Which are made up of:	
Total management and administration charges	3.27% (estimate) ³
Including:	
Manager's basic fee	0.00%
Other management and administration charges	3.27% (estimate) ³
Total performance-based fees	0.00%

*As the fund is in wind up, with a wind up date of 15th March 2019, the MSFII Charges³ will only be charged until 31st Dec 2018, the fund expenses of 0.08% will continue to apply until the final redemption date. The MSFII Charges for the period will not be known until February 2019 and are expected to be different to the fees charged in year to 31 March 2018.

See the product disclosure statement for more information about the basis on which performance fees are charged. See the Other Material Information document for the basis on which the fee estimates are made.

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 Multi-Strategy Fund PDS for more information about those fees.

Example of how this applies to an investor

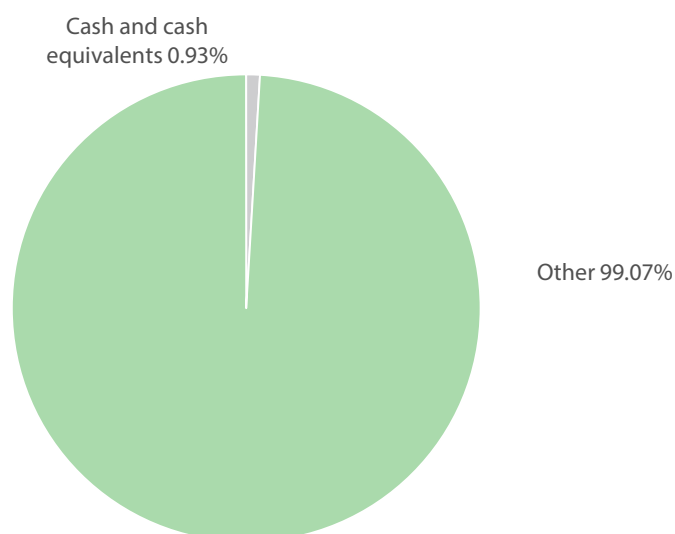
Small differences in fees and charges can have a big impact on your investment over the long term. For the purpose of this example, the start of the year is 1 April 2017.

Chris had \$150,000 in the fund at the start of the year and did not make any further contributions. At the end of the year, Chris received a return after fund charges were deducted of \$5220 (that is 3.48% of his initial \$150,000). Chris paid no other charges. This gives Chris a total return after tax of \$3150 for the year.

What does the fund invest in?

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

Actual investment mix⁴



Target investment mix⁵

Other	100%
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Top 10 investments

	Name	Percentage of fund's net asset value	Type	Country	Credit rating (if debt securities)
1	Multi-Strategy Fund II, Ltd - NZD Class C N Shares	99.07%	Interest in a diversified fund	Cayman Islands	n/a
2	Westpac NZD Call Account	0.93%	Cash and cash equivalents	New Zealand	AA-

The total value of the top 10 investments makes up 100% of the net asset value of the fund.

Currency hedging is material to the fund. Hedging is undertaken by the underlying fund manager.

In the underlying, unrelated fund, investments in local currencies are first hedged to USD; then the aggregate value of the entire portfolio in USD is hedged to NZD.

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 11 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 3 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 2 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 10 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 6 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 Multi-Strategy Fund, and some additional information from the offer register at <https://www.companiesoffice.govt.nz/disclose>.

Notes

¹ 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 1 October 2013 to 30 April 2014) from the peer group index. As a result of those returns being used, the risk indicator may provide a less reliable indicator of the potential volatility of the fund.

² The bar chart shows fund returns after the deduction of fund charges and taxes, however the peer index returns are shown after deductions for fees but before taxes are deducted.

³ Estimate of “Other management and administration charges: Expenses: The fund expenses during the period were 0.10% from 1 April 2017 to 23 August 2017 and 0.08% from 24 August 2017 to 31 March 2018.

MSFII charges: The fixed proportion of the MSFII fee is 0.85% (from 1 Oct 2017) of the net asset value of MSFII. This is the management fee charged by JPMAAM, payable monthly in arrears, which is reflected in the unit price of MSFII. The variable proportion of this fee includes performance fees and expenses of MSFII and an estimate of management fees and performance fees of underlying fund managers of MSFII for the year ended 31 December 2017 (on the offer register at www.business.govt.nz/disclose).

⁴ “Other” - The Nikko AM Multi-Strategy Fund invests in the Nikko AM Wholesale Multi-Strategy Fund. This fund’s target asset allocation is 100% in JPMAAM’s MSFII

⁵ All investments in this fund update are described in New Zealand dollars.