

Nikko AM NZ Investment Scheme

NIKKO AM GLOBAL BOND FUND

Fund Update



What is the purpose of this update?

This document tells you how the Nikko AM Global Bond 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.

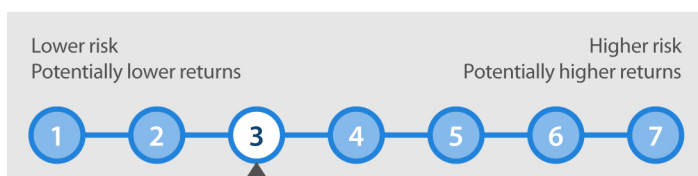
Description of this fund

The fund aims to outperform the Bloomberg Barclays Global Aggregate Index, hedged 100% to the New Zealand Dollar, by 1.00% p.a. over a rolling three year period before fees, expenses and taxes. The fund aims to provide investors with regular income by constructing an actively managed investment portfolio of investments with the potential for capital gain from global fixed interest markets.

Total value of the fund	\$59,440,500
The date the fund started	13 December 2013

What are the risks of investing?

Risk indicator for Nikko AM Global Bond 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 2020. 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.

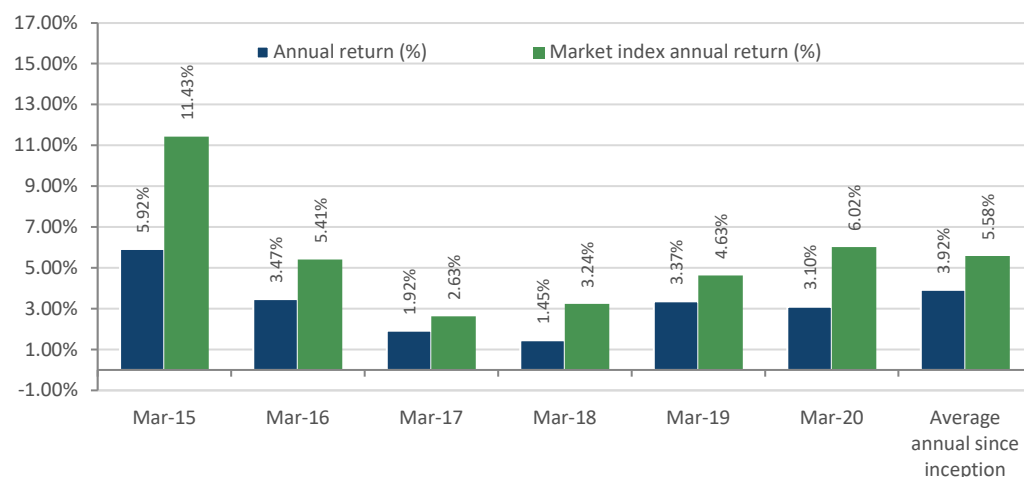
How has the fund performed?

	Average over past 5 years	Past year
Annual return <i>(after deductions for charges and tax)</i>	3.74%	5.98%
Annual return <i>(after deductions for charges but before tax)</i>	5.26%	8.53%
Market index annual return <i>(reflects no deduction for charges and tax)</i>	4.89%	5.41%

The market index on which the annual return is based is the Bloomberg Barclays Global Aggregate Index, hedged to New Zealand Dollars.

Additional information about the market index is available on the offer register at <https://disclose-register.companiesoffice.govt.nz/>.

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 2020.

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 Bond Fund are charged fund charges. In the year to 31 March 2020, these were (inclusive of GST where applicable):

	% of net asset value
Total fund charges	0.90%
Which are made up of:	
Total management and administration charges	0.90%
Including:	
Manager's basic fee	0.66%
Other management and administration charges	0.24%
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 Cash and Fixed Interest Funds PDS for more information about those fees. It is expected that in the current fund year ending 31 March 2021 that expenses of the fund will be less. For the 12 months ended 31 December 2020, total fund charges are 0.86%.

Example of how this applies to an investor

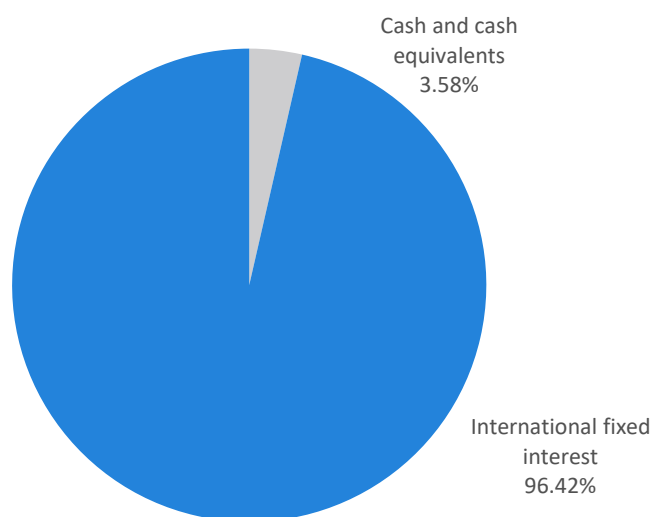
Small differences in fees and charges can have a big impact on your investment over the long term.

Simon 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, Simon received a return after fund charges were deducted of \$853 (that is 8.53% of his initial \$10,000). Simon paid no other charges. This gives Simon a total return after tax of \$598 for the year.²

What does the fund invest in?

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

Actual investment mix



Target investment mix³

International fixed interest and cash and cash equivalents	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	4.34%	Cash and Cash equivalents	NZ	AA-
2 GNMA 2 200550 2.00	4.19%	International fixed interest	US	AA+
3 Japan Government 011222 0.10	3.75%	International fixed interest	JP	A+
4 Spain Kingdom Government 311021 0.05	2.32%	Cash and cash equivalents	ES	A
5 France Republic Government 170221 0.00	1.87%	Cash and cash equivalents	FR	AA
6 Japan Government 200324 0.60	1.70%	International fixed interest	JP	A+
7 United States Treasury 310726 1.875	1.57%	International fixed interest	US	AA+
8 Westpac NZD Cash Account	1.40%	Cash and cash equivalents	NZ	AA-
9 Germany Federal Republic 160922 0.00	1.28%	International fixed interest	DE	AAA
10 Japan Government 200323 0.60	1.10%	International fixed interest	JP	A+

The total value of the top 10 investments makes up 23.52% of the net asset value of the fund.

Currency hedging is material to the fund. As at 31 December 2020, the value of all hedges totalled 0.58% of the fund's net asset value.

All investments will be hedged to New Zealand dollars within an operational range of 98.5% - 101.5%.

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	5 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	20 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	6 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	7 years and 1 month	Head of Australia, Wholesale – Threadneedle Investments	3 years
5	James Rogers	Chief Operating Officer and Member of Investment Committee	3 years 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 Cash and Fixed Interest Funds, and some additional information from the offer register at <https://disclose-register.companiesoffice.govt.nz/>.

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 For the purpose of this example, the start of the year is 1 January 2020.

³ All investments in this fund update are described in New Zealand dollars.