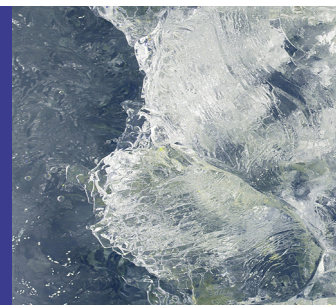


Nikko AM NZ Investment Scheme

# NIKKO AM GLOBAL SHARES HEDGED FUND

Fund Update



## What is the purpose of this update?

This document tells you how the Nikko AM Global Shares 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.

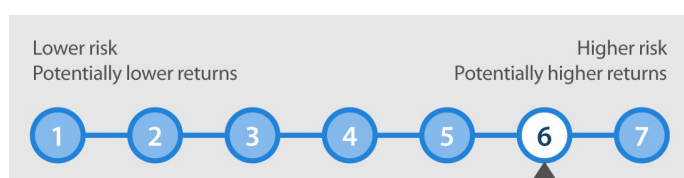
## Description of this fund

The Fund aims to outperform the MSCI All Countries World Index, with net dividends reinvested, gross hedged 139% to NZD by 3.0% p.a. over a rolling three year period before fees, expenses and taxes. The Fund seeks to provide investors with a relatively concentrated actively managed investment portfolio of global equities to achieve long term capital growth.

Total value of the fund	\$20,044,572
The date the fund started	10 May 2019

## What are the risks of investing?

### Risk indicator for Nikko AM Global Shares 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](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 2020<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>	2.41%
Annual return <i>(after deductions for charges but before tax)</i>	0.50%
Market index annual return <i>(reflects no deduction for charges and tax)</i>	-0.88%

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

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

## What fees are investors charged?

Investors in the Nikko AM Global Shares Hedged Fund are charged fund charges. Based on the PDS, dated 1 April 2020, these were expected to be (inclusive of GST where applicable):

	% of net asset value
<b>Total fund charges</b>	<b>1.22%</b>
Which are made up of:	
<b>Total management and administration charges</b>	<b>1.22%</b>
Including:	
Manager's basic fee	0.96%
Other management and administration charges (estimated)	0.26%
<b>Total performance-based fees</b>	<b>0.00%</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 Global Equity Funds PDS for more information about those fees.

## Example of how this applies to an investor

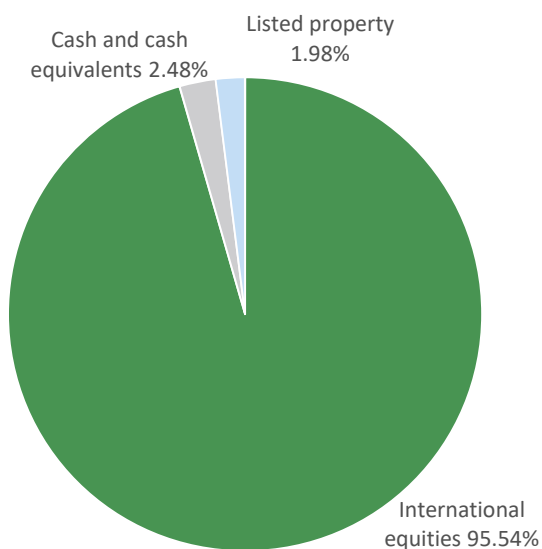
Small differences in fees and charges can have a big impact on your investment over the long term.

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 \$50 (that is 0.5% of his initial \$10,000). Simon paid no other charges. This gives Simon a total return after tax of \$241 for the year.<sup>2</sup>

## What does the fund invest in?

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

### Actual investment mix



### Target investment mix<sup>3</sup>

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	Microsoft Corp	5.47%	International equities	US	n/a
2	Amazon Com	5.21%	International equities	US	n/a
3	LHC Group	3.69%	International equities	US	n/a
4	Tencent Holdings Limited	3.62%	International equities	CH	n/a
5	Nintendo Co Ltd	3.47%	International equities	JP	n/a
6	Accenture Plc	3.27%	International equities	US	n/a
7	Progressive Corp	3.04%	International equities	US	n/a
8	Sony Corp	2.97%	International equities	JP	n/a
9	Adobe Inc	2.97%	International equities	US	n/a
10	Laboratory Corporation Of America	2.88%	International equities	US	n/a

The total value of the top 10 investments makes up 36.59% of the net asset value of the fund.

Currency hedging is material to the fund. As at 30 June 2020, the value of all hedges totalled 7.68% of the fund's net asset value.

Any foreign currency exposure is gross hedged at 139% to NZD. The permitted operational hedging range is 134% to 144%.

## 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	4 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	20 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	5 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	6 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	3 years 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 Global Equity Funds, 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 from for the period July 2015 to April 2019 from the MSCI World Index (net dividends reinvested). 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> For the purposes of this example, the start of the year is 1 July 2019.

<sup>3</sup> All investments described in this fund updates are in New Zealand dollars.