

Nikko AM NZ Investment Scheme

NIKKO AM FREEDOM FUND

Fund Update



What is the purpose of this update?

This document tells you how the Nikko AM Freedom 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 provide a regular income to the charity from an actively managed investment portfolio and to maintain the value of investor's capital and to outperform the RBNZ Official Cash Rate by +1.50% p.a. The fund invests in multiple Nikko AM NZ Wholesale Funds

| | |
|---------------------------|-------------------|
| Total value of the fund | \$ 104,380 |
| The date the fund started | 13 September 2021 |

What are the risks of investing?

Risk indicator for Nikko AM Freedom 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 2021¹. 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> | - |
| Annual return <i>(after deductions for charges but before tax)</i> | - |
| Market index annual return <i>(reflects no deduction for charges and tax)</i> | - |

Nikko AM is relying on the Financial Markets Conduct (Market Index) Exemption Notice 2018 and have created a composite index in order to calculate the market index annual return. The Manager believes the use of a composite benchmark for these funds would be useful to investors in assessing the performance of the fund as a whole. The composite market index for each fund is made up of the index of the underlying sector funds (where an Appropriate Market Index or Peer Group Index is available) multiplied by the respective target investment mix.

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

What fees are investors charged?

Investors in the Nikko AM Freedom Fund are charged fund charges. In the current Product Disclosure Statement (PDS), these were (inclusive of GST where applicable):

| | % of net asset value |
|--|----------------------|
| Total fund charges¹ | 0.30% |
| Which are made up of: | |
| Total management and administration charges | 0.30% |
| Including: | |
| Manager’s basic fee | 0.30% |
| Other management and administration charges | 0.00% |
| Total performance-based fees | 0.00% |

Donated management fee: As noted above, we charge an annual management fee to the Fund. However, this fee is not retained by us, and is fully donated to the charity each month. There are no charges for underlying investment costs, the supervisor’s fee and administration costs of the Fund (such as audit fees, registry services, unit pricing and accounting services).

See the Nikko AM Freedom Fund PDS for more information.

Example of how this applies to an investor

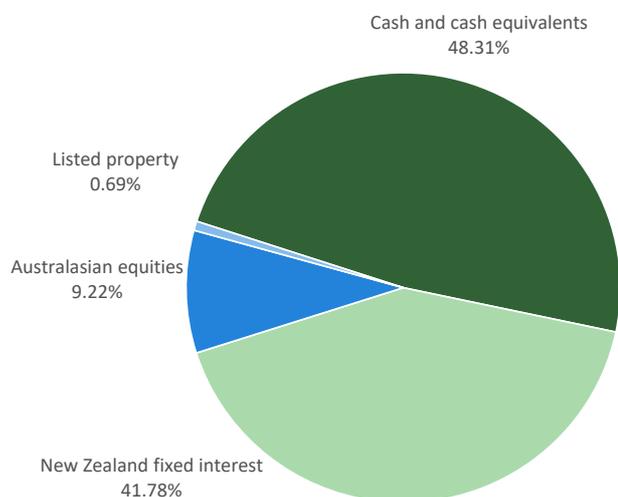
Small differences in fees and charges can have a big impact on your investment over the long term. For the purposes of this example, performance has been calculated from 13 September 2021 when the first investment was made into the fund.

Simon had \$10,000 in the fund at the start of the year and did not make any further contributions. As at 30 September, Simon received a return after fund charges were deducted of \$0 (that is 0.00% of his initial \$10,000). Simon also paid no other charges. This gives Simon a total return after tax of \$0.00 for the year.

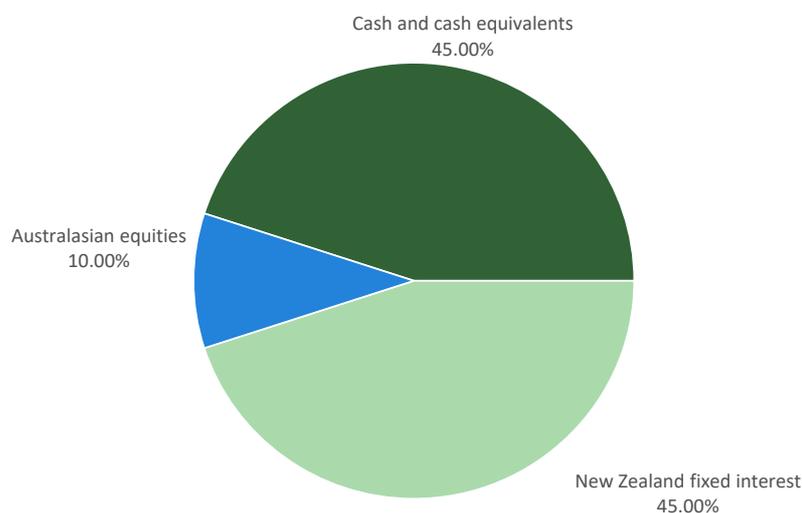
What does the fund invest in?

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

Actual investment mix



Target investment mix^{1,2}



Top 10 investments

| Name | Percentage of fund's net asset value | Type | Country | Credit rating (if debt securities) |
|--|--------------------------------------|----------------------------|---------|------------------------------------|
| 1 Kiwibank Limited 221121 | 3.34% | Cash and cash equivalents | NZ | AA |
| 2 ASB Bank Ltd 220222 | 3.28% | New Zealand fixed interest | NZ | AA- |
| 3 Industrial and Commercial Bank of China 270622 | 2.71% | New Zealand fixed interest | NZ | A |
| 4 New Zealand Inland Revenue 060522 | 2.23% | New Zealand fixed interest | NZ | AAA |
| 5 Westpac New Zealand 240226 1.439 | 1.84% | Australasian equities | NZ | AA- |
| 6 Rabobank New Zealand 131021 | 1.79% | Australasian equities | NZ | A |
| 7 MUFG Bank Ltd Auckland Branch 040422 | 1.79% | New Zealand fixed interest | NZ | A |
| 8 ASB Bank Ltd 040526 1.646 | 1.45% | New Zealand fixed interest | NZ | AA- |
| 9 Inland Revenue Deposit 210622 | 1.44% | Australasian equities | NZ | AAA |
| 10 Westpac New Zealand Ltd 140222 | 1.42% | New Zealand fixed interest | NZ | AA- |

The total value of the top 10 investments makes up 21.29% of the net asset value of the fund.

Key personnel

| | Name | Current position | Time in current position | Previous position | Time in previous or other current position |
|---|-----------------|----------------------------|--------------------------|--|--|
| 1 | Fergus McDonald | Head of Bonds and Currency | 21 years and 3 months | NZ Fixed Interest Portfolio Manager - Nikko Asset Management New Zealand Limited | 10 years and 5 months |
| 2 | Ian Bellew | Fixed Income Manager | 9 years and 9 months | Cash Portfolio Manager - Nikko Asset Management New Zealand Limited | 4 years and 10 months |
| 3 | Matthew Johnson | Fixed Income Manager | 3 years and 0 months | Senior Strategy Analyst – The Comfort Group | 2 years and 6 months |
| 4 | George Carter | Managing Director | 5 years and 11 months | Director, Head of Distribution, AMP Capital Investors NZ Limited | 6 years and 4 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://discloseregister.companiesoffice.govt.nz/>.

Notes

¹ As the fund is less than five years old, the risk indicator uses returns data from the returns (for the period 1 October 2016 to 30 September 2021), 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.

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