

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	\$419,616
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 June 2022¹. 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 charges (Donated)	0.30%
Which are made up of:	
Total management and administration charges	0.30%
Including:	
Manager’s basic fee (Donated)	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

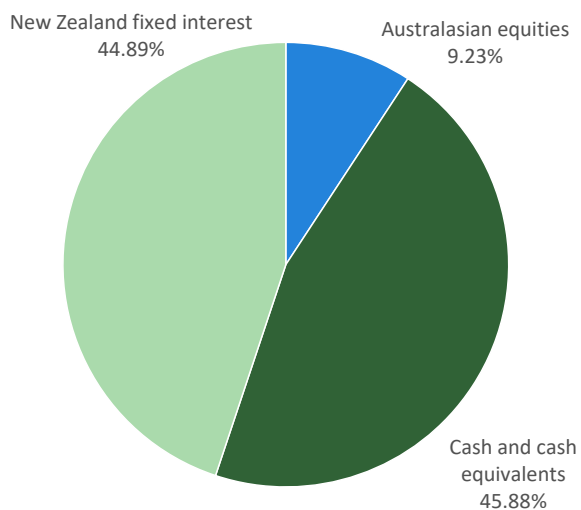
Small differences in fees and charges can have a big impact on your investment over the long term. For the purposes of this example, performance has been calculated from 13 September 2021 when the first investment was made into the fund.

Simon made the first investment of \$10,000 in the fund and did not make any further contributions. As at 30 June 2022, Simon incurred a loss after fund charges were deducted of -\$203 (that is -2.03% of his initial \$10,000). Simon also paid no other charges. This gives Simon a total loss after tax of -\$203 for the period ending 30 June 2022.

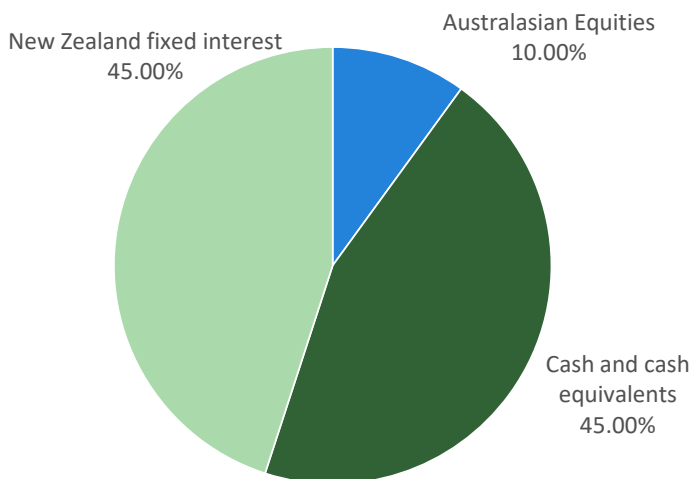
What does the fund invest in?

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

Actual investment mix



Target investment mix^{1,2}



Top 10 investments

Name	Type	Country	Credit rating (if debt securities)	Percentage of fund's net asset value
1 HSBC Bank New Zealand 111124 Frn	New Zealand fixed interest	New Zealand	AA-	2.39%
2 Rabobk Nfix3fra + 38 28/06/2024	New Zealand fixed interest	New Zealand	A	2.18%
3 New Zealand Tax Trading Co 200722 Rcd	Cash and cash equivalents	New Zealand	AAA	2.15%
4 Westpac NZ 1.439% 02/24/26	New Zealand fixed interest	New Zealand	AA-	2.02%
5 Bank Of China	Cash and cash equivalents	New Zealand	A	1.96%
6 Bank Of New Zealand 180324 Frn	New Zealand fixed interest	New Zealand	AA-	1.91%
7 Housing NZ 3.42% 18/10/2028	New Zealand fixed interest	New Zealand	AAA	1.78%
8 Ind. And Comm Bank Of China 260525 Frn	New Zealand fixed interest	New Zealand	A	1.73%
9 Westpac New Zealand Ltd 160227 3.696 Cb	New Zealand fixed interest	New Zealand	AA-	1.54%
10 Kiwi 2.635% 05/10/2026	New Zealand fixed interest	New Zealand	A+	1.50%

The total value of the top 10 investments makes up 19.16% 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	22 years and 0 months	NZ Fixed Interest Portfolio Manager - Nikko Asset Management New Zealand Limited	10 years and 5 months
2	Ian Bellew	Fixed Income Manager	10 years and 6 months	Cash Portfolio Manager - Nikko Asset Management New Zealand Limited	4 years and 10 months
3	Matthew Johnson	Fixed Income Manager	3 years and 9 months	Senior Strategy Analyst – The Comfort Group	2 years and 6 months
4	George Carter	Managing Director	6 years and 8 months	Director, Head of Distribution, AMP Capital Investors NZ Limited	6 years and 4 months
5	Stuart Williams	Head of Equities and Member of Investment Committee	7 years and 11 months	Portfolio Manager – OnePath (NZ) Limited	1 year and 7 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 July 2017 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.