

Nikko AM NZ Investment Scheme

NIKKO AM INCOME FUND

Fund Update



What is the purpose of this update?

This document tells you how the Nikko AM Income 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 Nikko AM Income Fund aims to provide investors with regular income from an actively managed investment portfolio and to outperform the RBNZ Official Cash Rate by 3.0% p.a. over a rolling three year period before fees, expenses and taxes. The Nikko AM Income Fund invests in NZ fixed interest, Australasian equities and property and multiple Nikko AM Funds.

Total value of the fund	\$3,176,561
The date the fund started	16 October 2007

What are the risks of investing?

Risk indicator for Nikko AM Income 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 2023. 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.

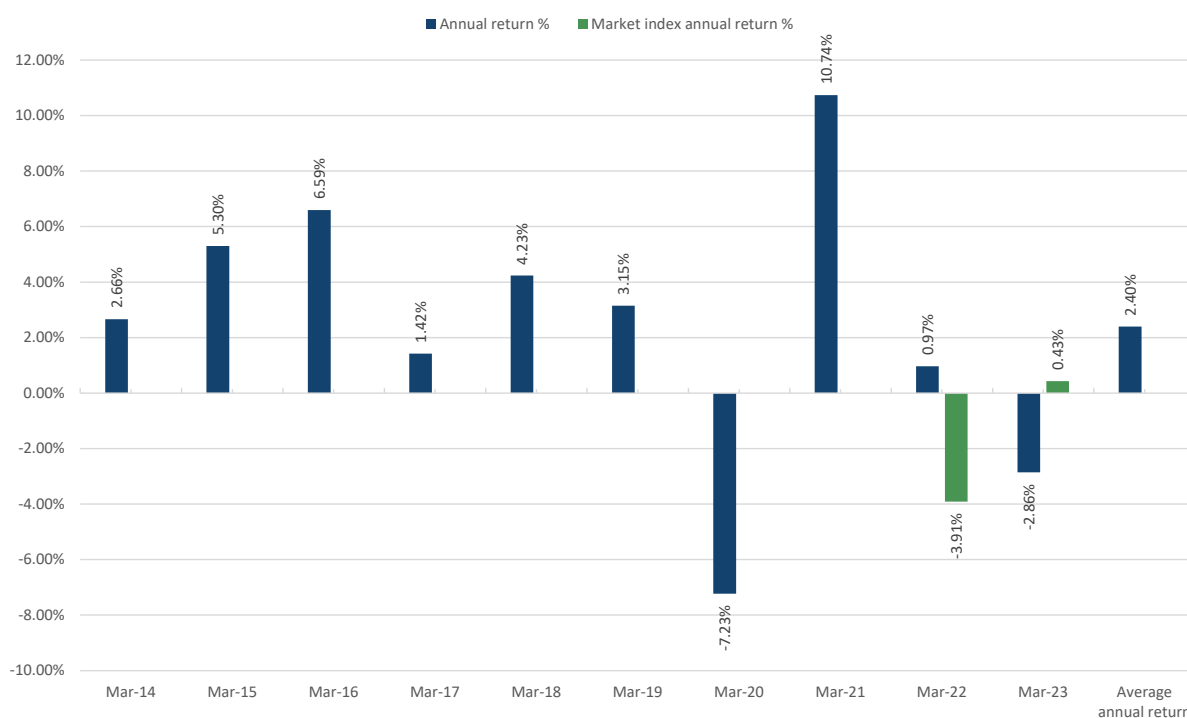
How has the fund performed?

	Average over past 5 years	Past year
Annual return <i>(after deductions for charges and tax)</i>	0.36%	1.44%
Annual return <i>(after deductions for charges but before tax)</i>	0.15%	2.48%
Market index annual return <i>(reflects no deduction for charges and tax)</i>	-	3.12%

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. This applied from July 2020.

Additional information 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 of the last 10 years ending 31 March. The last bar shows the average annual return for the last 10 years, up to 30 September 2023.

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 Income Fund are charged fund charges. In the year to 31 March 2023, these were (inclusive of GST where applicable):

	% of net asset value
Total fund charges¹	0.80%
Which are made up of:	
Total management and administration charges	0.80%
Including:	
Manager's basic fee	0.80%
Other management and administration charges	0.00%
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 Income Fund PDS for more information about those fees.

Example of how this applies to an investor

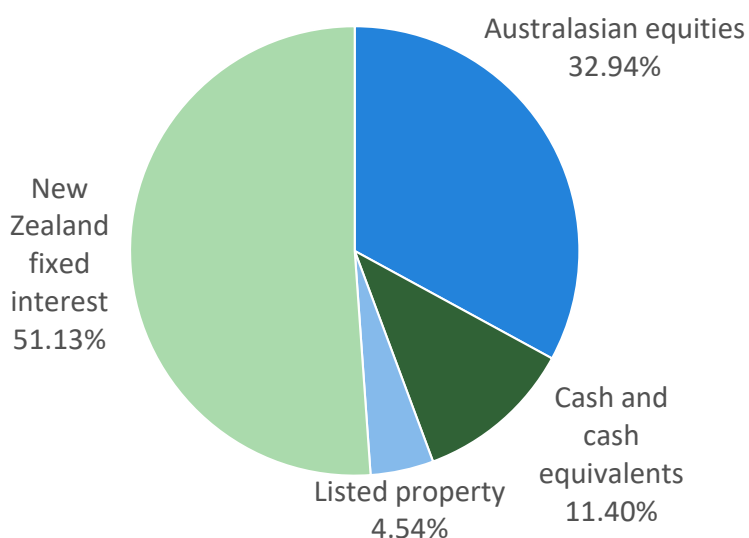
Small differences in fees and charges can have a big impact on your investment over the long term.

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 \$248 (that is 2.48% of his initial \$10,000). Simon also paid no other charges. This gives Simon a total return after tax of \$144 for the year.²

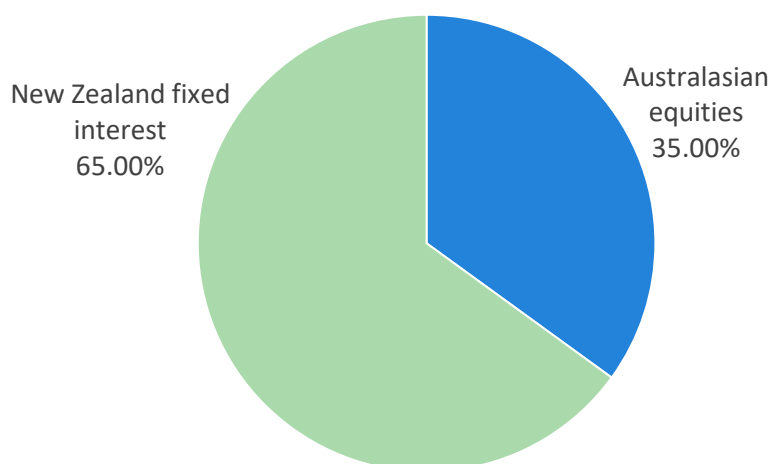
What does the fund invest in?

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

Actual investment mix



Target investment mix^{1,3}



Top 10 investments

Name	Type	Country	Credit rating (if debt securities)	Percentage of fund's net asset value
1 Westpac 11am Call Account	Cash and cash equivalents	New Zealand	AA-	6.98%
2 Kiwibank Ltd 191027 5.737 Gb	New Zealand fixed interest	New Zealand	A+	5.11%
3 Westpac New Zealand Ltd 160932 6.19 Cb	New Zealand fixed interest	New Zealand	AA-	4.68%
4 Powerco Ltd 070330 6.397 Cb	New Zealand fixed interest	New Zealand	BBB	4.65%
5 Westpac NZ 2.083% 20/02/2025	New Zealand fixed interest	New Zealand	AA-	4.48%
6 TR Group 4.533% 07/03/2024	Cash and cash equivalents	New Zealand	BBB-	4.21%
7 Westpac New Zealand Ltd 140234 6.73 Cb	New Zealand fixed interest	New Zealand	AA-	3.21%
8 Bank Of New Zealand	Australasian equities	New Zealand		3.21%
9 Bank Of New Zealand 010928 0.00 Cb	New Zealand fixed interest	New Zealand	AA-	3.14%
10 Works Finance Nz Ltd Pref Share	Australasian equities	New Zealand		3.14%

The total value of the top 10 investments makes up 42.81% 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 and Member of Investment Committee	23 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	11 years and 9 months	Cash Portfolio Manager - Nikko Asset Management New Zealand Limited	4 years and 10 months
3	Matthew Johnson	Fixed Income Manager	5 years and 0 months	Senior Strategy Analyst – The Comfort Group	2 years and 6 months
4	Stuart Williams	Managing Director and Member of Investment Committee	0 years and 6 months	Head of Equities – Nikko Asset Management New Zealand Limited	8 years 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 The bar chart shows fund returns after the deduction of fees and taxes.

² For the purpose of this example, the start of the year is 1 October 2022.

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