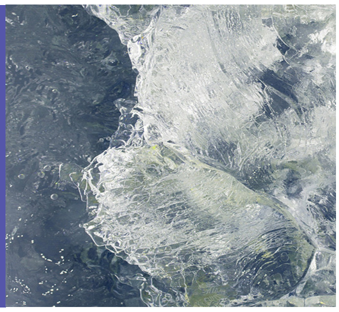
NIKKO AM GLOBAL EQUITY UNHEDGED FUND

Monthly Fact Sheet 30 June 2016



Investment objective

The objective of the Fund is to construct a portfolio of permitted investments that outperform the Fund's benchmark return by 3.0% per annum over a rolling three year period before fees, expenses and taxes.

Benchmark

MSCI All Countries World Index (net dividends reinvested), expressed in NZD (unhedged)

Fund description

The Fund aims to provide investors with long term growth from an actively managed investment portfolio selected from global equity markets.

The Fund gains its investment exposure by investing into the Nikko AM Wholesale Global Equity Unhedged Fund.

For the Nikko AM Wholesale Global Equity Unhedged Fund we utilise a multi-manager global equity strategy managed by a specialist team based in Sydney and Singapore. Investment personnel from Nikko AM Australia, Singapore and New Zealand are responsible for the ongoing selection, monitoring and review of all underlying investment managers.

Currency management

All currency exposures created as a consequence of global equity market investment remain unhedged to NZD.

Management fees and other charges

A management fee of 1.25% per annum calculated as a percentage of the net asset value of the Fund will be calculated and deducted from the Fund.

Nikko AM may also recover expenses (including the Trustee fee) from the Fund up to a maximum of 0.25% per annum of the Fund's net asset value. Estimate of expenses as at 1 July 2016 are 0.11% per annum.

Buy/sell spread

0.07% / 0.07%

Strategic asset allocation

	Target	Range
Nikko AM Wholesale Global Equity Unhedged Fund	100%	95% ⇔ 100%
Cash on call for investor transactions	0%	0% ⇔ 5%

Refer to the SIPO for full details of permitted investments and restrictions.

Performance

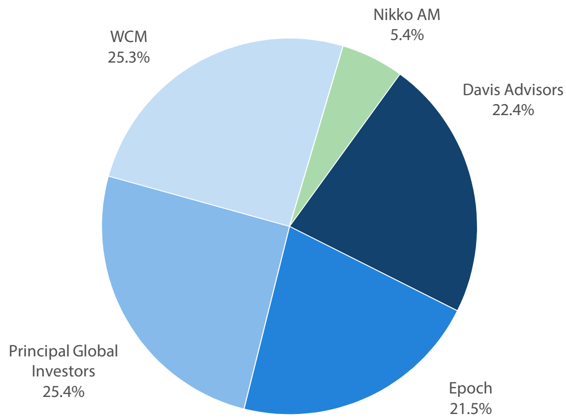
(NZD returns; before tax, after fees and expenses)

1 month	3 months	6 months	1 year
-7.81%	-3.01%	-4.68%	-6.65%

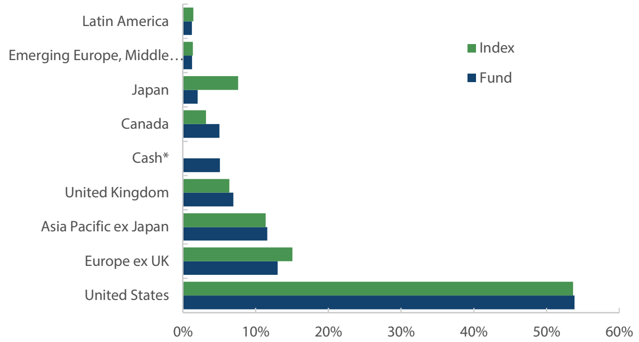
2 years (pa)	3 years (pa)	5 years (pa)	Inception (pa)*
10.50%	9.97%	na	12.01%

* January 2013

Manager allocation



Geographical allocation



* includes the sum of the underlying managers' cash allocations

Top 10 holdings

Amazon (US)	Taiwan Semiconductor (Taiwan)
Encana (Canada)	Alphabet, Class A (US)
Berkshire Hathaway (US)	Wells Fargo & Co (US)
Facebook (US)	Reckitt Benckiser Group (UK)
Alphabet, Class C (US)	JP Morgan Chase (US)

Sector allocation

Manager	Fund	Index
Consumer Discretionary	14.9%	12.3%
Consumer Staples	10.6%	11.0%
Energy	7.6%	7.0%
Financials	13.6%	19.7%
Health Care	9.3%	12.4%
Industrials	9.4%	10.2%
Information Technology	17.8%	14.9%
Materials	4.5%	4.9%
Telecommunication Services	3.6%	4.0%
Utilities	3.6%	3.6%
Cash*	5.1%	-

* includes the sum of the underlying managers' cash allocations

Commentary

Global equities ended the quarter on a low due to the surprise 'leave' outcome of the EU referendum in the UK. Contrary to expectations, given opinion polls, the majority in Britain (52%) voted in favour of leaving the European Union. Global equities sold off sharply for the two days after this surprise decision. The anxiety however, was short-lived as stocks powered to strong gains during the last three days of June, on expectations of new stimulus efforts by the world's largest central banks. The MSCI All Countries World Index returned 1.16% in US Dollars (USD) over the quarter, the benchmark return was significantly worse for New Zealand investors, falling -1.55% (NZD, unhedged) after most foreign currencies declined against the NZ dollar.

US, Swiss and Japanese equities held up relatively well compared to those in Europe. In European markets, Italy, Spain and Germany performed the worst, falling between 8-12%, while large cap UK equities performed surprisingly well in the Brexit aftermath. The FTSE 100 index declined only 4.6% (NZD, unhedged) over the quarter, but the broader FTSE 250 index suffered a loss of 13% (NZD, unhedged).

Among the major sectors, Consumer Discretionary fell 6.4%, followed by Financials and Information Technology, both declined by more than 4%. Defensive sectors like Utilities (up 1.4%) and Consumer Staples (up 0.9%) outperformed, while Energy (up 6.6%) benefitted from a 25% gain in the oil price over the quarter, its strongest performance since mid-2009. Most commodity prices were firmer during the 3-month period, though this largely reflected gains prior to the Brexit vote, and a post-Brexit surge in gold price.

The biggest contributors to Fund performance over the quarter came from a variety of sectors. Adding the most value was a significant overweight to online retailer Amazon.com which jumped 17%, followed by Canadian oil & gas explorer, Encana, which rose 23%. In the Technology sector, Mercadolibre (up 16%) and Tyler Technologies (up 26%) were two of the Fund's non-benchmark holdings adding value. Texas-based real estate investment trust, Crown Castle International surged 15% and was the Fund's best performing stock from the Financials sector. The disappointments over the quarter were poor performance by some of the Fund's Chinese holdings. Overweight positions in JD.com, YY Inc. and SouFun Holdings hurt performance the most. A significant underweight to the oil major, Exxon Mobil, which gained 10%, also detracted from performance.

Regarding Brexit, the Fund's exposure to UK-listed stocks made a positive contribution to performance. The top three UK holdings (Reckitt Benckiser, British American Tobacco and ARM Holdings) all outperformed, while the Fund had no exposure to some of the worst performing UK names like Lloyds, Prudential and Barclays.

The final outcome of the UK's EU referendum is still unclear. A relatively slim majority 'leave' vote does not guarantee that the UK will actually leave the EU. Even if the UK parliament quickly decides to give notice, the process of leaving can take up to two years once formal notice is given.

Should the UK exit the EU and manage to retain very favourable bi-lateral trade agreements with the EU, then the trade and financial implications could be very minimal. A broader issue is whether the Brexit decision will spur on other countries like France, the Netherlands or Italy to similarly question their place within the EU. To this extent the UK result could herald the beginning of the end of the EU as we now know it, which opens up a whole new world of uncertainty.