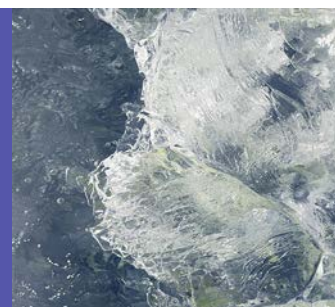


NIKKO AM GLOBAL EQUITY HEDGED FUND

Monthly Fact Sheet

31 May 2017



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), gross hedged 139% to NZD. Prior to 1 July 2016 MSCI All Countries World Index (net dividends reinvested) 100% hedged to NZD. Prior to 1 June 2014 MSCI World Index (net dividends reinvested) 100% hedged to NZD).

Fund description

The Fund vehicle is a NZ domiciled Portfolio Investment Entity (PIE) which is priced daily. 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 Hedged 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

Foreign currency exposures created as a consequence of capital market investment are gross hedged at 139% to NZD. The permitted operational hedging range is 134% - 144%.

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. An estimate of expenses as at the date of publication is 0.09% per annum.

Buy/sell spread

0.07% / 0.07%

Strategic asset allocation

	Target	Range
Nikko AM Wholesale Global Equity Unhedged Fund via the Nikko AM Wholesale Global Equity Hedged 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)

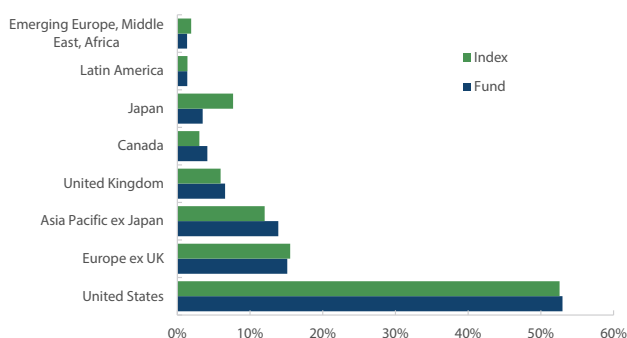
1 month	3 months	6 months	1 year
4.09%	4.94%	12.70%	17.10%
2 years (pa)	3 years (pa)	5 years (pa)	Inception (pa)*
7.16%	9.97%		12.83%

* January 2013

Manager allocation

Manager	Range	Actual*
WCM Investment Mgmt	10-30%	25.97%
Principal Global Investors	10-30%	25.20%
Epoch Investments Partners Inc	10-30%	21.64%
Davis Selected Advisors LP	10-30%	25.36%
Nikko AM Limited (Derivatives)	0-10%	3.40%
Nikko AM Limited (Cash)	0-10%	-1.57%

Geographical allocation



Emerging markets 13.7% of Fund

Sector allocation (% of fund)

Sector	Fund	Benchmark
Information Technology	19.1	17.1
Consumer Discretionary	17.8	12.3
Health Care	11.6	11.2
Financials	11.2	17.9
Industrials	9.7	10.8
Consumer Staples	8.6	9.7
Energy	6.4	6.2
Materials	5.2	5.2
Telecommunication Services	3.6	3.4
Utilities	3.4	3.2
Real Estate	2.3	3.1
Cash*	1.2	0

* includes the sum of the underlying managers' cash allocations

Top 10 holdings (% of fund)

Company	Fund (%)	MSCI (%)	Country
Amazon.com	3.1	1.0	US
Alphabet, Class C	2.2	0.7	US
Facebook	1.8	0.9	US
Wells Fargo	1.5	0.6	US
Taiwan Semiconductor	1.3	0.0	Taiwan
Apple	1.2	2.0	US
Naspers	1.2	0.2	Sth Africa
Encana Corp	1.2	0.0	Canada
New Oriental Education	1.1	0.0	China
Aetna	1.1	0.1	US

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Market commentary

Global equity markets extended their gains in May as the Technology sector continued to hit record highs. The Nasdaq Index reached 6200 as shares like Apple, Amazon, Alibaba, Facebook, Google and Microsoft all rose to their highest levels ever. While the MSCI All Countries World Index (ACWI) returned 2.28% (USD) in May, the result was for the 2.75% on a 139% hedged to NZD basis. Utilities (up 2.0%), Technology (up 1.4%) and Consumer Staples (up 1.1%) were the best performing sectors, while Financials (down 3.2%) struggled. Energy (down 4.8%) was the worst performing sector as the oil price continued to fall during May despite production cuts being announced by OPEC. Across regions, European equity markets were among the best performing, as Emmanuel Macron was elected as French President, providing some relief to investors that certain political risks are moderating. Emerging market performance was mixed with Brazil declining more than 8%, while China and South Korea outperformed.

Fund commentary

WCM (up 1.66%) and Epoch (up 0.14%) contributed the most to performance, while PGI (down 0.99%) and Davis (down 1.08%) performed marginally better than the benchmark return of -1.13%. Sector allocation added value largely due to the overweight to Information Technology and the underweight to Financials. Strong stock selection was however the main driver of performance. The main contributors came from the Consumer Discretionary and Information Technology sectors. Helping the most were overweights to Amazon (up 4%), Mercadolibre (up 16%), New Oriental (up 7%) and JD.com (up 10%). Among the Fund's Consumer Staples holdings, household products distributor Reckitt-Benckiser (up 7.5%) and packaged food manufacturer Nestle (up 7%) performed the best. Meanwhile Wells Fargo (down 7.5%) was the biggest detractor among Financials, while HDFC Bank (up 6.7%) managed to buck the trend among its peers.

Online consumer service ratings company Angie's List was the highlight of the month, surging 98% to its highest level in three years, after the company agreed to be acquired by IAC/InterActiveCorp (IAC) in a deal that valued Angie's List at about USD 505 million. The price jumped well above the bid of USD 8.50 a share and closed the month at USD 12.04, representing a 41% premium to IAC's offer, and close to Angie's 2011 initial-public-offering price of USD 13. Its latest plan to acquire Angie's List and merge it with its own HomeAdvisor will make it the leader in matching homeowners with home services. IAC derives about 75% of its revenue from the USA.

*all return percentages expressed as unhedged in NZD unless otherwise stated.