

## Nikko AM Wholesale Concentrated Equity Fund

### Fund purpose

To provide investors with a concentrated exposure to Australian and New Zealand equity markets from an actively managed investment portfolio.

### Investment Objective

The objective of the Fund is to construct a portfolio of authorised investments that aims to outperform the Fund's benchmark return over a rolling three year period before tax and fees.

### Benchmark

RBNZ Official Cash Rate plus 5% per annum.

### Strategic Asset Allocation

	Target %	Range %
Australasian Equities and Listed Property (net exposure)	100	0.0⇔100.0
NZ and International Fixed Interest	0	
Cash, and cash equivalents	0	0.0⇔100.0
		0.0⇔100.0

### Authorised Investments

The Authorised Investments of the Fund are:

- Any equity or debt security listed or contemplated to be listed on any New Zealand or Australian recognised securities exchange.
- Any right, option, or obligation to acquire or dispose of any equity or debt security including without limitation: warrants; convertibles; preferred stock; hybrids or stapled securities.
- Derivative instruments, including: futures; options (either exchange traded or over-the-counter), including futures and options on NZX and ASX indices and Forward Foreign Exchange contracts.
- Cash, including foreign currencies held by the Custodian appointed by the Supervisor.
- Cash, including foreign currencies invested with organisations attracting an S&P short term rating equal to or better than A-1 or Moody's equivalent rating.
- Any other investment agreed to by the Manager and Supervisor.

### Currency Management

- Foreign currency exposures created as a consequence of capital markets investment may be hedged to NZD at the Manager's discretion with an operational range of 0% to 105%.

### Restrictions

- Short selling up to a maximum of 10% of the gross asset value of the Fund prior to implementation. Any short positions must be covered by cash.
- Maximum of 20% of the portfolio value to any single security.
- Any equity security that transfers listing to an exchange other than New Zealand or Australia is to be divested within one month following the date of transfer, unless approval to continue to hold the security is granted by the Supervisor.
- Other than borrowed stock and the overdraft facility borrowing is not permitted.
- Any derivative instruments must be covered by cash or stock.
- Derivatives can only be transacted with counterparties listed in the Nikko AM NZ Approved Counterparty List.
- Investment prohibited in any managed investment scheme that is not a portfolio investment entity for the purposes of Sn HM 2 of the Income Tax Act 2007.
- The use of derivatives is limited to contracts related to Authorised Investments.

### Social and Responsible Investing (SRI) Restrictions

Securities described in the 'Authorised Investments' that are issued by organisations where a share of their revenue is from the following industries are prohibited:

- Controversial weapons/armaments: companies directly involved in the development and production (manufacture), sale or distribution of cluster munitions; anti-personnel mines; and biological, chemical or nuclear weapons.
- Fossil fuels: Companies with >10% revenue from the extraction of thermal coal and/or tar sands oil.
- Tobacco: Companies with > 10% revenue from tobacco-related business activities.

Approved by the Supervisor

The revenue thresholds will be reviewed periodically for relevant mandate compliance based on the available information. The review will occur no less than annually.

And other industry sectors as determined by the Manager.

## Portfolio Management

The Fund is permitted to maintain an overdraft with a registered bank in order to provide liquidity to fund redemptions and facilitate settlements for the Fund.

The Manager shall not be deemed to have breached the Investment Mandate if any of the mandated minimum or maximum ranges are exceeded as the result of:

- the value of any asset changing solely as a result of market movements;
- contributions to or withdrawals from the Fund; or
- a change in the nature of any investment (whether through change in business activity or credit rating).

This is conditional upon the Manager within five business days of being aware of the range being exceeded, re-weighting the portfolio to be within the mandated ranges, unless the Supervisor otherwise agrees in writing.

Version Control	Reasons for Change	Author/Editor	Date
Version 1.0	Commencement Mandate	Tyndall Operations	11 December 2007
Version 1.1	Formal review	Tyndall Operations	31 March 2011
Version 2.0	Formal review	Investment Committee	18 February 2014
Version 3.0	Remove borrowing; name change	Investment Committee	12 September 2014
Version 4.0	Formal review	Investment Committee	17 March 2015
Version 5.0	Formal review	Investment Committee	23 May 2016
Version 6.0	Formal review	CRD	20 February 2018
Version 7.0	Restriction additions Tobacco, Fossil Fuels and Controv Weapons	Investment Committee	30 August 2021
Version 8.0	Remove revenue assessment of financial statements wording and replace	Investment Committee	3 December 2021