

Nikko AM Wholesale Core Equity Fund

From 3 December 2021

Fund Purpose

To provide investors with an exposure to New Zealand and Australian equity markets from an actively managed investment portfolio with potential for growth of income and capital.

Investment Objective

The objective of the Fund is to construct a portfolio of Authorised Investments that outperform the Fund's benchmark return by 3.00% p.a. over a rolling three year period before fees and taxes.

Benchmark

S&P/NZX 50 Index Gross (with Imputation credits)

Strategic Asset Allocation

	Target %	Range %
Australasian equities and Listed Property	100	90.0⇔100.0
NZ Fixed Interest	0	0.0⇔5.0
Cash & cash equivalents	0	0.0⇔5.0

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 and stapled securities.
- 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.
- Derivative Instruments, including Futures, Options (either exchange traded or over-the-counter); including Futures and Options on NZX and ASX Indices; Forward Foreign Exchange contracts.
- 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 sales of investments is not permitted.
- Maximum of 20% Australian listed securities that are not listed on the NZ Stock Exchange.
- Any security that is a member of the S&P/NZX 50 Index, the maximum portfolio weight permissible is the index weight +6%. There is no requirement on the Manager to hold any security at a minimum weight.
- Any security that is not a member of the S&P/NZX50 Index and is listed on any New Zealand or Australian exchange the maximum weight permissible is 6% of the value of the portfolio.
- 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 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.
- The use of derivatives is limited to contracts related to Authorised Investments.
- 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.

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 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	1 October 2007
Version 1.1	20% maximum for ASX listed only securities	Tyndall Operations	21 December 2009
Version 2.0	Formal review	Investment Committee	18 February 2014
Version 3.0	Name change	Investment Committee	12 September 2014
Version 4.0	Formal review	Investment Committee	17 March 2015
Version 4.1	Benchmark name change	Investment Committee	16 June 2014
Version 5.0	Formal review	Investment Committee	23 May 2016
Version 6.0	Formal Review	CRD	20 February 2018
Version 7.0	Addition of restrictions Tobacco Fossil Fuels and Controv weapons	Investment Committee	30 August 2021
Version 8.0	Remove revenue assessment of financial statements wording and replaced	Investment Committee	3 December 2021