

Nikko AM Wholesale Global Shares Hedged Fund

From 01 June 2023

Fund Purpose

To provide investors with a relatively concentrated actively managed investment portfolio of global equities, with currency exposures created as a consequence of global investments hedged to the NZ dollar.

Investment Objective

To achieve investment returns of 3% per annum in excess of the Fund’s Benchmark over a rolling three year period before fees, expenses and taxes.

Benchmark

MSCI ACWI, with net dividends reinvested gross hedged 100% to NZD.

Authorised Investments

The Authorised Investments of the Fund are;

Global Equities:

- Any equity security (as defined in Sn 8(2) of the Financial Markets Conduct Act 2013) listed or contemplated to be listed on any recognised securities exchange in the MSCI ACWI member countries.
- Any right or option to acquire or take up any equity security, including common stocks, preferred stocks, convertible bonds, warrants, depositary receipts, REITs.
- Futures agreements, options (either exchange traded or over-the-counter), forward foreign exchange contracts.
- Any other investment agreed to by the Manager and Trustee.
- Nikko AM NZ Global Shares Fund

Cash:

- Cash, including foreign currencies held by the Custodian appointed by the Trustee.
- Cash balances with brokers, agents or custodians (both local and overseas) pending investment or pending payment to the manager.

Strategic Asset Allocation

	Target %	Range %
Global Equities	100	90-100
Cash	0	0-10

General Restrictions

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, this includes ETFs and MLPs. (REITs are permitted as authorised investments).

Derivative counterparties limited to those in the NAM Global approved counterparty list.

Fund cannot hold more than 5% of the total shares on issue by any single issuer

The total exposure to securities of the same issuer should not exceed 10% of the fund’s assets

Short selling of securities or purchase of securities on margin is not permitted

The aggregate exposure to securities in emerging markets as defined by MSCI should not exceed the Benchmark emerging market weight +10%, of the fund’s assets.

Specific Restrictions

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.

Investment prohibited in tobacco manufactures, defined as those included in GICS code 30203010

Equity securities issued by organisations where a share of their revenue from the following industries are prohibited:-

Adult entertainment: Companies with > 10% revenue from adult entertainment related business activities.

Alcohol: Companies with > 10% revenue from alcohol-related business activities.

Fossil fuels: Companies with >10% revenue from the extraction of thermal coal and/or tar sands oil.

Gambling: Companies with > 10% revenue from gambling-related business activities.

The share of earnings will be assessed on a semi-annual or annual financial disclosure basis. Currency Management

Foreign currency exposures created as a consequence of capital markets investment are gross hedged at 100% to NZD. The permitted operational hedging range is 95% - 105%.

Portfolio Management

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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.



Brian Cheow Hin See
Senior Manager Client Services
Public Trust, Auckland

Noted by Supervisor

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From 01 June 2023

Version 1.1	Fund creation. Hedged version of Global Shares Fund	James Rogers	28 March 2018
Version 1.2	Addition of SRI restrictions	James Rogers	10 December 2018
Version 1.3	Threshold change SRI restrictions – Fossil Fuels	Hilary McWhinnie	18 December 2019
Version 2.0	Hedge ranges changed	Hilary McWhinnie	2 May 2023
