

Nikko AM NZ Investment Scheme

# NIKKO AM GLOBAL EQUITY UNHEDGED FUND

## Fund Update



## What is the purpose of this update?

This document tells you how the Nikko AM Global Equity Unhedged Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. Nikko AM NZ prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

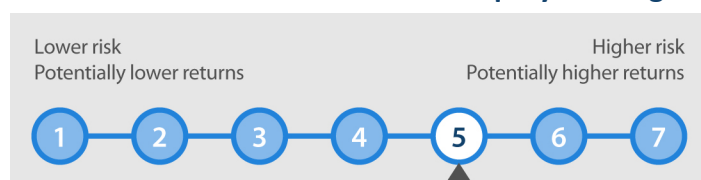
## Description of this fund

The fund aims to outperform the MSCI All Countries World Index (net dividends reinvested), in New Zealand Dollars (unhedged) by 3.0% p.a. over a rolling three year period before fees, expenses and taxes. The fund aims to provide investors with long term growth from an actively managed investment portfolio selected from global equity markets. No foreign currency hedging is undertaken in this fund.

|                           |                 |
|---------------------------|-----------------|
| Total value of the fund   | \$ 92,232,752   |
| The date the fund started | 15 January 2013 |

## What are the risks of investing?

### Risk indicator for Nikko AM Global Equity Unhedged Fund:



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the fund's assets goes up and down. A higher risk generally means higher potential returns over time, but more ups and downs along the way.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at [www.sorted.org.nz/tools/investor-kickstarter](http://www.sorted.org.nz/tools/investor-kickstarter).

Note that even the lowest category does not mean a risk-free investment, and there are other risks that are not captured by this rating.

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for the five year period to 31 March 2021. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates. See the product disclosure statement (PDS) for more information about the risks associated with investing in this fund.

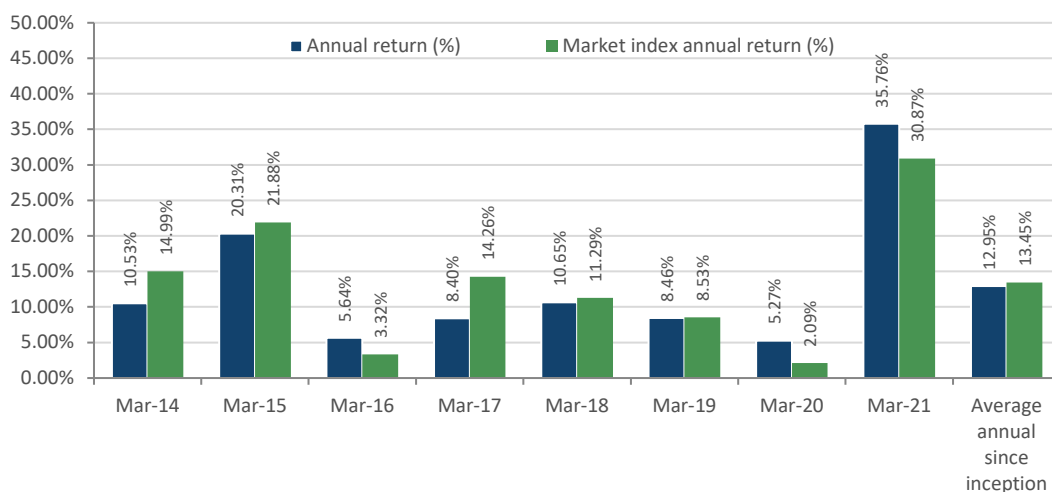
## How has the fund performed?

|  | Average over past 5 years | Past year |
|--|---------------------------|-----------|
| Annual return<br><i>(after deductions for charges and tax)</i>                   | 13.20%                    | 35.76%    |
| Annual return<br><i>(after deductions for charges but before tax)</i>            | 14.29%                    | 37.00%    |
| Market index annual return<br><i>(reflects no deduction for charges and tax)</i> | 13.02%                    | 30.87%    |

The market index on which the annual return is based is the MSCI All Countries World Index (net dividends reinvested), in NZD (unhedged).

Additional information about the market index is available on the offer register at <https://disclose-register.companiesoffice.govt.nz/>.

## Annual return graph<sup>1</sup>



This shows the return after fund charges and tax for each year ending 31 March since the fund started. The last bar shows the average annual return since the fund started, up to 31 March 2021.

**Important:** This does not tell you how the fund will perform in the future.

Returns in this update are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower.

## What fees are investors charged?

Investors in the Nikko AM Global Equity Unhedged Fund are charged fund charges. In the year to 31 March 2021, these were (inclusive of GST where applicable):

|  | % of net asset value |
|--|----------------------|
| <b>Total fund charges</b>                          | <b>1.35%</b>         |
| Which are made up of:                              |                      |
| <b>Total management and administration charges</b> | <b>1.35%</b>         |
| Including:   |                      |
| Manager's basic fee                                | 1.27%                |
| Other management and administration charges        | 0.08%                |
| <b>Total performance-based fees</b>                | <b>0.00%</b>         |

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the Nikko AM Global Equity Funds PDS for more information about those fees.

## Example of how this applies to an investor

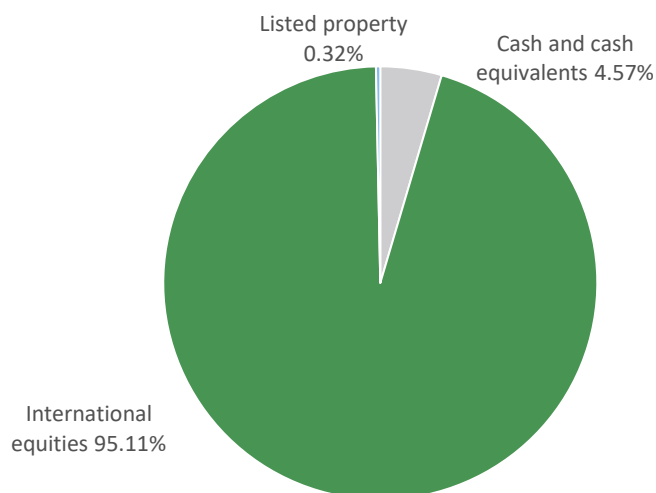
Small differences in fees and charges can have a big impact on your investment over the long term.

Simon had \$10,000 in the fund at the start of the year and did not make any further contributions. At the end of the year, Simon received a return after fund charges were deducted of \$3700 (that is 37% of his initial \$10,000). Simon paid no other charges. This gives Simon a total return after tax of \$3576 for the year.<sup>2</sup>

## What does the fund invest in?

This shows the types of assets that the fund invests in.

### Actual investment mix



### Target investment mix<sup>3</sup>

|                        |      |
|------------------------|------|
| International equities | 100% |
|------------------------|------|

## Top 10 investments

| Name                                 | Percentage of fund's net asset value | Type                   | Country | Credit rating (if debt securities) |
|--------------------------------------|--------------------------------------|------------------------|---------|------------------------------------|
| 1 Microsoft Corp                     | 3.83%                                | International equities | US      | n/a                                |
| 2 Amazon Com Inc                     | 3.12%                                | International equities | US      | n/a                                |
| 3 Taiwan Semiconductor Manufacturing | 2.48%                                | International equities | TW      | n/a                                |
| 4 Visa Inc                           | 2.44%                                | International equities | US      | n/a                                |
| 5 Steel Dynamics Inc                 | 2.40%                                | International equities | US      | n/a                                |
| 6 Reliance Steel & Aluminum Co       | 2.18%                                | International equities | US      | n/a                                |
| 7 Progressive Corp                   | 2.18%                                | International equities | US      | n/a                                |
| 8 Anglo American Plc                 | 2.07%                                | International equities | US      | n/a                                |
| 9 Tencent Holdings Limited           | 1.84%                                | International equities | CN      | n/a                                |
| 10 Old Dominion Freight Line Inc     | 1.83%                                | International equities | US      | n/a                                |

The total value of the top 10 investments makes up 24.37% of the net asset value of the fund. Foreign currency exposure in this fund is not hedged to New Zealand dollars.

## Key personnel

|   | Name            | Current position  | Time in current position | Previous or other current position   | Time in previous or other current position |
|---|-----------------|---|--------------------------|--|--|
| 1 | George Carter   | Managing Director and Member of Investment Committee          | 5 years and 5 months     | Director, Head of Distribution, AMP Capital Investors NZ Limited                 | 6 years and 4 months                       |
| 2 | Fergus McDonald | Head of Bonds and Currency and Member of Investment Committee | 20 years and 9 months    | NZ Fixed Interest Portfolio Manager - Nikko Asset Management New Zealand Limited | 10 years and 5 months                      |
| 3 | Stuart Williams | Head of Equities and Member of Investment Committee           | 6 years and 8 months     | Portfolio Manager – OnePath (NZ) Limited   | 1 year and 7 months                        |
| 4 | James Wesley    | Head of Distribution and Member of Investment Committee       | 7 years and 4 months     | Head of Australia, Wholesale – Threadneedle Investments                          | 3 years and 0 months                       |
| 5 | James Rogers    | Chief Operating Officer and Member of Investment Committee    | 4 years and 0 months     | Senior Project Manager – Nikko Asset Management New Zealand Limited              | 5 months and 0 months                      |

## Further information

You can also obtain this information, the PDS for the Nikko AM Global Equity Funds, and some additional information from the offer register at <https://disclose-register.companiesoffice.govt.nz/>.

## Notes

<sup>1</sup> The bar chart show fund returns after the deduction of fees and taxes, however, the market index returns are shown before any fees or taxes are deducted.

<sup>2</sup> For the purpose of this example, the start of the year is 1 April 2020.

<sup>3</sup> All investments in this fund update are described in New Zealand dollars.