

Nikko AM NZ Investment Scheme

# NIKKO AM INCOME FUND

## Fund Update



### What is the purpose of this update?

This document tells you how the Nikko AM Income 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.

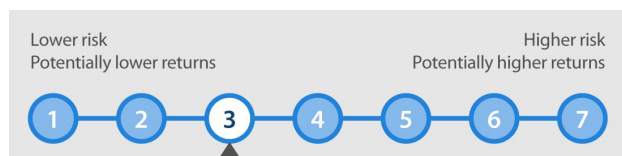
### Description of this fund

The Nikko AM Income Fund aims to provide investors with regular income from an actively managed investment portfolio and to outperform the RBNZ Official Cash Rate by 3.0% p.a. over a rolling three year period before fees, expenses and taxes. The Nikko AM Income Fund invests in NZ fixed interest, Australasian equities and property and multiple Nikko AM Funds.<sup>1</sup>

Total value of the fund	\$4,628,527
The date the fund started	16 October 2007

### What are the risks of investing?

#### Risk indicator for Nikko AM Income 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 June 2021<sup>1</sup>. 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.

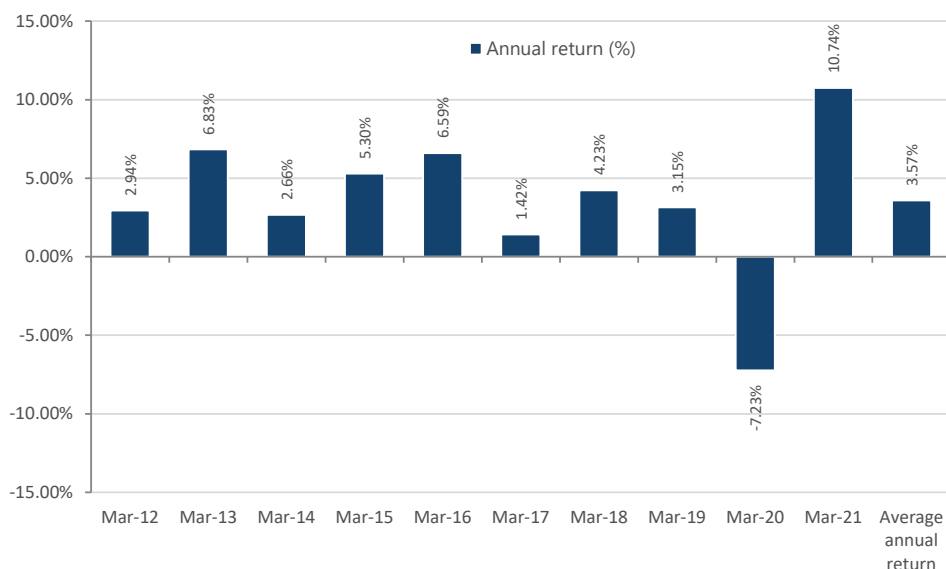
## How has the fund performed?

	Average over past 5 years	Past year
Annual return <i>(after deductions for charges and tax)</i>	2.59%	9.42%
Annual return <i>(after deductions for charges but before tax)</i>	3.01%	10.15%
Market index annual return <i>(reflects no deduction for charges and tax)</i>	n/a	3.48%

Nikko AM is relying on the Financial Markets Conduct (Market Index) Exemption Notice 2018 and have created a composite index in order to calculate the market index annual return. The Manager believes the use of a composite benchmark for these funds would be useful to investors in assessing the performance of the fund as a whole. The composite market index for each fund is made up of the index of the underlying sector funds (where an Appropriate Market Index or Peer Group Index is available) multiplied by the respective target investment mix.

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

## Annual return graph<sup>2</sup>



This shows the return after fund charges and tax for each of the last 10 years ending 31 March. The last bar shows the average annual return for the last 10 years, up to 30 June 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.

From 1 April 2008 to 30 September 2010 the returns are after tax at 30% and from 1 October 2010 onwards the returns are after tax at 28%.

## What fees are investors charged?

Investors in the Nikko AM Income 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<sup>1</sup></b>	<b>0.90%</b>
Which are made up of:	
<b>Total management and administration charges</b>	<b>0.90%</b>
Including:	
Manager's basic fee	0.90%
Other management and administration charges	0.00%
<b>Total performance-based fees</b>	<b>0.00%</b>

In the current fund year ending 31 March 2022, total fund charges will decrease, due to a decrease in the management fee. The current total fund charge is 0.80%, please refer to the Nikko AM Income Fund PDS for more information.

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 Income Fund 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.

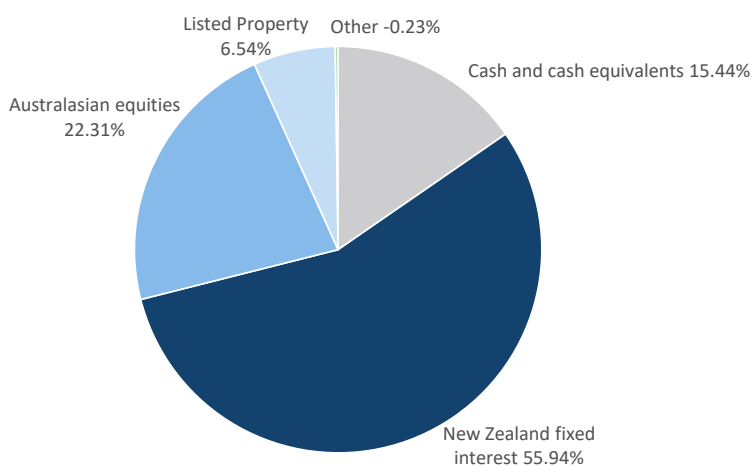
Simon had \$10,000 in the fund at the start of the year and did not make any further contributions. At the end of the year, Simon received a return after fund charges were deducted of \$1015 (that is 10.15% of his initial \$10,000). Simon paid no other charges. This gives Simon a total return after tax of \$942 for the year.<sup>3</sup>

## What does the fund invest in?

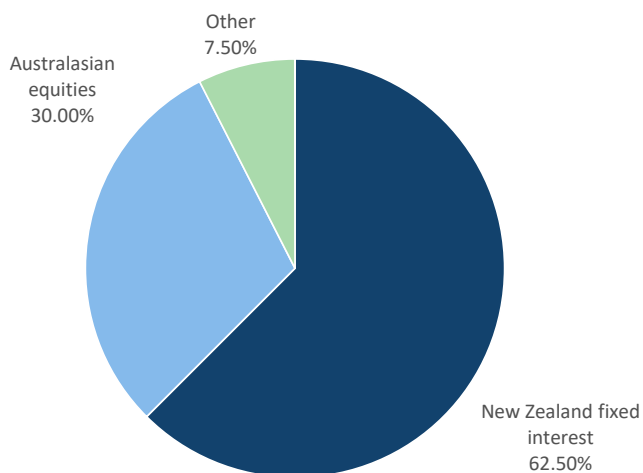
This shows the types of assets that the fund invests in.

### Actual investment mix

#### Top 10 investments



### Target investment mix<sup>1,4</sup>



Name	Percentage of fund's net asset value	Type	Country	Credit rating (if debt securities)
1 Westpac NZD Cash Account	15.25%	Cash and cash equivalents	NZ	AA-
2 Kiwibank Ltd 111230 2.36	4.34%	New Zealand fixed interest	NZ	BBB-
3 NZ Local Government Funding Agency 140433 3.50	4.12%	New Zealand fixed interest	NZ	AAA
4 Infratil Ltd 151222 5.65	3.41%	New Zealand fixed interest	NZ	NR
5 Heartland Group	3.27%	Australasian equities	NZ	NA
6 Liberty Finance 090223 3.70	3.24%	New Zealand fixed interest	NZ	BBB-
7 Fonterra Co Operative Group Ltd 190625 5.08	3.16%	New Zealand fixed interest	NZ	A-
8 Spark New Zealand Limited	3.14%	Australasian equities	NZ	NA
9 Tr Group Ltd 070324 4.533	3.09%	New Zealand fixed interest	NZ	BBB-
10 Westpac Banking Corp 010926 4.695	3.05%	New Zealand fixed interest	NZ	BBB+

The total value of the top 10 investments makes up 46.07% of the net asset value of the fund.

## Key personnel

	Name	Current position	Time in current position	Previous position	Time in previous or other current position
1	Fergus McDonald	Head of Bonds and Currency	21 years and 0 months	NZ Fixed Interest Portfolio Manager - Nikko Asset Management New Zealand Limited	10 years and 5 months
2	Ian Bellew	Fixed Income Manager	9 years and 6 months	Cash Portfolio Manager - Nikko Asset Management New Zealand Limited	4 years and 10 months
3	Matthew Johnson	Fixed Income Manager	2 years and 9 months	Senior Strategy Analyst – The Comfort Group	2 years and 6 months
4	George Carter	Managing Director	5 years and 8 months	Director, Head of Distribution, AMP Capital Investors NZ Limited	6 years and 4 months

## Further information

You can also obtain this information, the PDS for the Nikko AM Cash and Fixed Interest Funds, and some additional information from the offer register at <https://discloseregister.companiesoffice.govt.nz/>.

## Notes

<sup>1</sup> As the fund's strategic asset allocation was changed from 1 July 2020, the risk indicator uses returns data partly from the returns of the fund, and partly (for the period 1 July 2016 to 30 June 2020), from the composite index. As a result of this, the risk indicator may provide a less reliable indicator of the potential future volatility of the fund.

<sup>2</sup> The bar chart shows fund returns after the deduction of fees and taxes.

<sup>3</sup> For the purpose of this example, the start of the year is 1 July 2020.

<sup>4</sup> All investments in this fund update are described in New Zealand dollars.