

Dear Investor,

Changes in relation to the:

- Nikko AM Wholesale NZ Bond Fund and Nikko AM NZ Bond Fund
- Nikko AM Wholesale NZ Corporate Bond Fund and Nikko AM NZ Corporate Bond Fund
- Nikko AM Income Fund
- Nikko AM Wholesale Conservative Fund and Nikko AM Conservative Fund
- Nikko AM Wholesale Balanced Fund and Nikko AM Balanced Fund
- Nikko AM Wholesale Growth Fund and Nikko AM Growth Fund
- Nikko AM Wholesale Global Shares Unhedged Fund and Nikko AM Global Shares Unhedged Fund
- Nikko AM Wholesale Global Shares Hedged Fund

We are sending you this notice to inform you of recent changes to some of the Nikko AM funds.

NZ Bond Funds – Benchmark Change

The benchmarks and outperformance targets for the following funds changed effective 1 January 2019:

NZ Bond Fund

Benchmark: Bloomberg NZBond Composite 0+ Yr Index

Objective: Outperform by 0.60% per annum before fees, expenses and taxes over a rolling three year period

Previous benchmark and objective: Bloomberg NZBond Govt 0+ Yr Index. Outperform by 1.00% per annum before fees, expenses and taxes over a rolling three year period

NZ Corporate Bond

Benchmark: Bloomberg NZBond Credit 0+ Yr Index

Objective: Outperform by 0.70% per annum before fees, expenses and taxes over a rolling three year period

Previous benchmark and objective: Bloomberg NZBond Govt 0+ Yr Index. Outperform by 1.50% per annum before fees, expenses and taxes over a rolling three year period

Previously both funds had a benchmark of the NZ Government Bond Index, and targeted outperformance of 1.0% and 1.5% respectively. The changes better reflect the underlying make-up of the assets held in the funds, and also help to mitigate the impact from the occasional significant moves in duration that the Government Bond index can be subject to. The diversified funds (Conservative, Balanced and Growth) and the Income Fund invest into one, or both, of the NZ Bond and NZ Corporate Bond funds, therefore the composite benchmarks of these funds also reflect these changes.

Global Shares Funds - Additional SRI criteria

The second change relates to the Global Shares funds. From 31 January 2019, the Global Shares funds incorporated some additional SRI criteria leading to certain restrictions for investments in companies which generate revenue from alcohol, tobacco, armaments, gambling, adult entertainment and fossil fuel stocks (thermal coal and tar sands oil).

Please contact us if you would like more information on any of these changes.

Yours sincerely,



George Carter
Managing Director

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