

## Product Disclosure Statement

# For an offer of membership of the NIKKO AM KIWISAVER SCHEME - Single sector funds

This is a replacement PDS, which replaces the PDS dated 16 November 2020

Dated 29 January 2021

Issued by Nikko Asset Management  
New Zealand Limited

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose). Nikko Asset Management New Zealand Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you to make an investment decision.

# 1. Key information summary



## What is this?

This is a managed investment scheme. Your money will be pooled with other investors' money and invested in various investments. Nikko Asset Management New Zealand Limited (**Nikko AM, we, us or our**) will invest your money and charge you a fee for its services. The returns you receive are dependent on our investment decisions and the performance of the investments. The value of those investments may go up or down. The types of investments and the fees you will be charged are described in this document.

## What will your money be invested in?

Nikko AM KiwiSaver Scheme (**Scheme**) has nine funds available to invest in<sup>1</sup>, the six Single sector funds are included in this Product Disclosure Statement (PDS). These investment options are summarised below. More information about the investment target and strategy for each investment option is provided at Section 3.

Fund name	Description and investment objectives	Risk indicator <sup>2</sup>	Annual fund charges (% p.a. of Net Asset Value (NAV)). All fees and expenses are inclusive of GST where applicable. If you are receiving financial advice, servicing and advice fees may also be applicable <sup>3</sup>	Indicative Buy/Sell Spread of each investment/redeemption <sup>4</sup>
NZ Cash Fund	A portfolio of short term deposits and bonds and aims to generate income.  Very low level of volatility.		0.45%	0.00%/0.00%
NZ Corporate Bond Fund	A portfolio of New Zealand bonds, deposits and cash and aims to generate income.  Low to medium level of volatility.		0.80%	0.00%/0.00%
Core Equity Fund	Provides exposure to New Zealand and Australian equity markets from an actively managed portfolio with potential for growth of income and capital.  High level of volatility.		0.95%	0.29%/0.29%
Global Shares Fund	Aims to provide a relatively concentrated actively managed portfolio of global equities to achieve long term capital growth.  High level of volatility.		1.15%	0.07%/0.07%

Fund name	Description and investment objectives	Risk indicator <sup>2</sup>	Annual fund charges (% p.a. of Net Asset Value (NAV)). All fees and expenses are inclusive of GST where applicable. If you are receiving financial advice, servicing and advice fees may also be applicable <sup>3</sup>	Indicative Buy/Sell Spread of each investment/redemption <sup>4</sup>
ARK Disruptive Innovation Fund	<p>Provides access to a global share portfolio that offers thematic exposure to disruptive innovation across a number of sectors and geographies.</p> <p>Disruptive innovation is caused by the introduction of new technologically enabled products or services that permanently change an industry or economic sector by providing greater simplicity, accuracy, customisation and accessibility while driving down costs.</p> <p>Very high level of volatility.</p>		1.25%	0.00%/0.00%
Option Fund (Closed to new investors)	<p>Invests in cash and fixed interest investments and undertakes a leveraged trading strategy based on selling options over global government bonds. The Option Fund is a specialist investment strategy suitable only for experienced investors who have an investment time frame of three years or longer and are comfortable to accept short sharp periods of high volatility.</p> <p>Very high level of volatility.</p>		1.15%	0.00%/0.00%
<b>Other charges:</b> In addition, you will be charged a member fee of \$30 p.a., irrespective of how many funds you invest in.				

<sup>1</sup> For information on the following investment options, please refer to the Nikko AM KiwiSaver Diversified Funds PDS:

Conservative Fund, Balanced Fund, Growth Fund.

<sup>2</sup> As the funds have existed for less than 5 years, market index returns and wholesale fund returns have been used to calculate the risk indicators for the period January 2016 to March 2018 and actual fund returns for the period April 2018 to December 2020. Therefore, the risk indicator may provide a less reliable indicator of the potential future volatility of the funds.

<sup>3</sup> **Servicing and advice fees: (Applies only with your agreement and if you are receiving financial advice)**

If we have received a letter of instruction from you to deduct an agreed fee payable to your financial adviser, we will deduct that agreed fee as a servicing and advice fee. This fee is capped at 0.25% per annum (incl. GST), and is paid monthly by redemption of units you hold, until you advise us that you no longer wish us to pay that fee.

<sup>4</sup> These buy/sell spreads are stated as at the date of the PDS and are indicative only. See <https://www.nikkoam.co.nz/invest/buy-sell-spreads> for current rates.

**See Section 4 for an explanation of the risk indicator and for information about other risks that are not included in the risk indicator. 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).**

## Who manages the Scheme?

Nikko AM is the Manager of the Scheme. See Section 7 for details.

## How can you get your money out?

Generally, you cannot withdraw your KiwiSaver savings until you reach 65.

In some circumstances (such as buying your first home, suffering a serious illness or significant financial hardship, death, and permanent emigration to somewhere other than Australia), you may be able to withdraw some or all of your KiwiSaver savings early.

See Section 2 for more information.

## How will your investment be taxed?

The Scheme is a portfolio investment entity (PIE). The amount of tax you pay in respect of a PIE is based on your prescribed investor rate (PIR). This can be 10.5%, 17.5%, or 28%. See Section 6 for more information.

## Where can you find more key information?

Nikko AM is required to publish quarterly updates for the funds. The updates show the returns and the total fees actually charged to investors during the previous year. The latest fund updates are available at [www.nikkoam.co.nz/invest/kiwisaver](http://www.nikkoam.co.nz/invest/kiwisaver). The Manager will also give you copies of those documents on request.

# CONTENTS

1. KEY INFORMATION SUMMARY	2
2. HOW DOES THIS INVESTMENT WORK?	6
3. DESCRIPTION OF YOUR INVESTMENT OPTIONS	9
4. WHAT ARE THE RISKS OF INVESTING?	11
5. WHAT ARE THE FEES?	13
6. WHAT TAXES WILL YOU PAY?	15
7. WHO IS INVOLVED?	16
8. HOW TO COMPLAIN	17
9. WHERE YOU CAN FIND MORE INFORMATION	18
10. HOW TO APPLY	18

## 2. How does this investment work?

This PDS offers membership of the Scheme. KiwiSaver is a long-term savings plan designed to help you save for your retirement.

The Scheme is a registered KiwiSaver scheme under the Financial Markets Conduct Act 2013 and is a trust which is governed by the Trust Deed dated 20 December 2017 as amended 13 March 2018 (the **Trust Deed**).

### About the Nikko AM KiwiSaver Scheme

The Scheme has nine funds. You can invest in as many funds as you wish, and you can change your fund choice(s) at any time.

Your money is held on trust by the supervisor and pooled with the money of other investors in the fund(s). We invest this money on behalf of all investors in the fund.

The money you invest buys units in the fund(s) you select. Each unit has a price which is usually calculated on each business day by dividing the total net value of the fund's assets by the number of the fund's units on issue. The fund's assets are valued independently of us. The value of your investment will be affected by any change in the value of the fund's assets which is reflected in the fund's unit price.

Units give you the right to the returns from the assets of the fund, but do not give you legal ownership of any particular asset of the fund. The assets of each fund are not available to meet the liabilities of any other fund in the Scheme.

### What are the benefits?

The key benefits of investing in the Scheme include:

- your money is actively managed by our investment professionals;
- the Scheme has a range of investment options to suit different types of investors.

### Joining the Scheme

If you are not already a KiwiSaver member, you can join the Scheme by applying to us directly if you are:

- a New Zealand citizen (or entitled to New Zealand permanent residency); and
- living or normally living in New Zealand.

If you are already a KiwiSaver member, you can transfer from another KiwiSaver scheme.

We may in our absolute discretion accept or refuse to admit any person as a member.

### Making investments

If you are an employee, your KiwiSaver contributions must be made at a rate of 3%, 4%, 6%, 8% or 10% of your gross (before-tax) salary or wages. If you do not choose a contribution rate, your contributions will be deducted at the 3% rate. The contributions are made from your after-tax salary or wages.

You can change your contribution rate at any time or take a "savings suspension" of between three months and one year (generally only after contributing for a year), which can be extended.

If you are self-employed or not working, or wish to make voluntary contributions to your KiwiSaver account, you can make one-off or regular lump sum payments.

### Employer contributions

Your employer will generally also contribute a minimum of 3% of your before-tax pay, if:

- you are aged 18 or over and below your Qualifying Age; and
- are contributing to KiwiSaver through your pay.

Employer Superannuation Contribution Tax is deducted from employer contributions.

## Government Contributions

If you are eligible, the Government will also pay you a government contribution at the rate of 50 cents for every dollar you contribute, up to a maximum of \$521.43 each year (1 July to 30 June) as long as you:

- are aged 18 or over and below your Qualifying Age; and
- mainly live in New Zealand.

## Minimum Amounts

The minimum ongoing voluntary contribution amount is \$20

There is no minimum initial investment amount.

## Withdrawing your investments

KiwiSaver is a long term investment plan designed to help you to save for your retirement. In most cases you cannot withdraw your savings until you have reached the KiwiSaver Qualifying Age. This is the later of:

- the age of eligibility for New Zealand Superannuation (currently 65); or
- if you joined a KiwiSaver scheme or a complying superannuation fund before 1 July 2019, five years after you joined that scheme. After 1 April 2020, if you are subject to this 5-year lock in period you can elect to opt at any time after reaching the age of eligibility. If you opt out, you will no longer be eligible for compulsory employer contributions or government contributions.
- Those joining after this date are not subject to the 5-year lock in period.

You may be able to withdraw all or part of your KiwiSaver savings early in certain limited circumstances.

The table below shows the main types of withdrawal options available to you, and what you can withdraw.

Withdrawal type	What I can withdraw				
	Your contributions	Employer contributions	Government Contribution	Kickstart <sup>1</sup> contribution (if any)	Superannuation savings transferred from Australia
Retirement (Qualifying Age)	✓	✓	✓	✓	✓
Purchase of first home or second chance home buyer <sup>2</sup>	✓	✓	✓	✗	✗
Significant financial hardship	✓	✓	✗	✗	✓
Serious illness	✓	✓	✓	✓	✓
Permanent emigration overseas	✓	✓	✗	✓	✗
Permanent emigration to Australia <sup>3</sup>	✓	✓	✓	✓	✓
Death	✓	✓	✓	✓	✓
Retirement withdrawal of transferred Australian savings from 60 years old	✗	✗	✗	✗	✓

<sup>1</sup> You received the \$1,000 kick-start contribution if you first joined KiwiSaver before 2pm, 21 May 2015.

<sup>2</sup> You must leave a minimum balance of \$1,000 in your KiwiSaver account. Other conditions apply. See the Other Material Information document at [www.nikkoam.co.nz/invest/kiwisaver](http://www.nikkoam.co.nz/invest/kiwisaver) for further information.

<sup>3</sup> You can only transfer your entire balance to an Australian complying superannuation fund.

You can also access your savings where any Act or court order requires a withdrawal.

For more information about withdrawals, see the Other Material Information document at [www.nikkoam.co.nz/invest/kiwisaver](http://www.nikkoam.co.nz/invest/kiwisaver). You can obtain the required forms by contacting us. You will need to satisfy the legal requirements and our processes before you can make a withdrawal from your KiwiSaver account.

There is no Crown guarantee in respect of any KiwiSaver scheme or investment product of a KiwiSaver scheme.



## How to switch between funds

You can switch to another fund at any time. Currently, you must switch a minimum of \$250 however we may change this. We may decline or delay the switch without providing a reason. Switches in any calendar year are limited to 12. Unless you are switching all of your investment, at least \$250 must remain in the fund. You can obtain the required forms for a switch by contacting us. A switch is treated as an application and withdrawal, so may incur a buy/sell spread.

This PDS is for the Nikko AM KiwiSaver Scheme Single Sector Funds. Information on other funds in the Scheme can be found at [www.nikkoam.co.nz/invest/kiwisaver](http://www.nikkoam.co.nz/invest/kiwisaver):

- Nikko AM KiwiSaver Scheme Diversified Funds PDS

## Responsible investment

Responsible investment, including environmental, social, and governance considerations, is not taken into account in the investment policies and procedures of the Scheme as at the date of this product disclosure statement.



### 3. Description of your investment options

#### Investment objectives and strategy

Fund	Strategy:	Target asset mix:	Minimum suggested investment timeframe:
<b>NZ Cash Fund</b> <b>Fund Objective:</b> To outperform the Bloomberg NZBond Bank Bill Index by 0.20% p.a. over a rolling three year period before fees, expenses and taxes.	Aims to generate income by constructing an actively managed investment portfolio of short term deposits and bonds whilst preserving capital value.	Targets 100% investment in the Nikko AM Wholesale NZ Cash Fund which has a target asset allocation of 100% cash and cash equivalents and NZ fixed interest.  <b>Risk Indicator<sup>1</sup>:</b> 1  <b>Volatility:</b> Very low	Three months
<b>NZ Corporate Bond Fund</b> <b>Fund Objective:</b> To outperform the Bloomberg NZBond Credit 0+ Year Index by 0.70% p.a. over a rolling three year period before fees, expenses and taxes.	Aims to generate income by constructing an actively managed investment portfolio of New Zealand bonds, deposits and cash whilst preserving capital value.	Targets 100% investment in the Nikko AM Wholesale NZ Corporate Bond Fund which has a target asset allocation of 100% NZ fixed interest.  <b>Risk Indicator<sup>1</sup>:</b> 3  <b>Volatility:</b> Low to medium	Two years
<b>Core Fund</b> <b>Fund Objective:</b> To outperform the S&P/NZX 50 Index Gross with Imputation credits by 3.0% p.a. over a rolling three year period before fees, expenses and taxes.	An actively managed investment portfolio with potential for growth of income and capital by investing directly into equity market securities listed or contemplated to be listed on any New Zealand or Australian recognised securities exchange.	Targets 100% investment in the Nikko AM Wholesale Core Equity Fund which has a target asset allocation of 100% Australasian equities.  <b>Risk Indicator<sup>1</sup>:</b> 5  <b>Volatility:</b> High	Five years

Fund	Strategy:	Target asset mix:	Minimum suggested investment timeframe:
<b>Global Shares Fund</b> <b>Fund Objective:</b> To outperform the MSCI ACWI, with net dividends reinvested, expressed in NZD (unhedged) by 3% p.a. over a rolling three year period before fees, expenses and taxes.	Seeks to provide investors with a relatively concentrated actively managed investment portfolio of global equities to achieve long term capital growth.	Targets 100% investment in the Nikko AM Wholesale Global Shares Fund which has a target asset allocation of 100% international equities.  <b>Risk Indicator<sup>1</sup>:</b> 5  <b>Volatility:</b> High	Five years
<b>ARK Disruptive Innovation Fund</b> <b>Fund Objective:</b> To outperform the benchmark of an absolute return of 10% per annum over a rolling five-year period before fees, expenses and taxes.	Gains its investment exposure by investing in the Nikko AM Wholesale ARK Disruptive Fund Innovation Fund which in turn invests in the Nikko AM ARK Disruptive Fund Innovation Fund (the <b>Underlying Fund</b> ), a sub-fund of the Nikko AM Global Umbrella Fund, an open-ended investment company established under Luxembourg law as a société d'investissement à capital variable (SICAV). The Underlying Fund provides access to a global share portfolio that offers thematic exposure to disruptive innovation across a number of sectors, economies, geographies and companies.	Targets 100% investment in the Nikko AM Wholesale ARK Disruptive Innovation Fund which targets 100% investment in the Underlying Fund, which has a target asset allocation of 100% international equities.  <b>Risk Indicator<sup>1</sup></b> 6  <b>Volatility:</b> Very high	Seven+ years
<b>Option Fund</b> <b>Fund Objective:</b> To outperform the Bloomberg NZBond Bank Bill Index plus 4% p.a. over a rolling three year period before fees, expenses and taxes.	Invests in cash and fixed interest investments, and undertakes a leveraged trading strategy (see Other Specific Risks, under section 4) based on selling options on global government bonds. The Option Fund earns income from selling the options.	Targets 100% investment in the Nikko AM Wholesale Option Fund which sells options and invests in cash and cash equivalents, NZ fixed interest and international fixed interest.  <b>Risk Indicator<sup>1</sup>:</b> 6  <b>Volatility:</b> Very High	This is a specialist investment strategy and is suitable only for experienced investors who are comfortable to accept short sharp periods of high volatility and are investing over a period of three years or longer.

<sup>1</sup> As the funds have existed for less than 5 years, market index returns, wholesale fund returns and actual fund returns for the 5 year period to December 2020 have been used to calculate the risk indicators, therefore, the risk indicator may provide a less reliable indicator of the potential future volatility of the funds.

More details on the aim and investment strategy of each fund are set out in the Statement of Investment Policy and Objectives (SIPO) for the Scheme. We may change the SIPO from time to time by prior notice to the supervisor, without notifying you. Material changes will be advised in the Scheme's annual report. The current SIPO can be found on the Disclose register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose). Further information about the assets in a fund can be found in the fund updates (when available) at [www.nikkoam.co.nz/invest/kiwisaver](http://www.nikkoam.co.nz/invest/kiwisaver).

## 4. What are the risks of investing?

### Understanding the risk indicator

Managed funds in New Zealand must have a standard risk indicator. The risk indicator is designed to help investors understand the uncertainties both for loss and growth that may affect their investment. You can compare funds using the risk indicator.



For each fund's Risk Indicator for each fund, see the "Key Information Summary" Section.

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 (volatility). 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 (described under the heading "Other specific 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 market index returns, wholesale fund returns and actual fund returns for the period from January 2016 to December 2020. While risk indicators are usually relatively stable, they do shift from time to time. You can see the most recent risk indicator in the latest fund update for the fund.

### General investment risks

Some of the things that may cause a fund's value to move up and down, which affect the risk indicator, are:

**Interest rates:** An increase in interest rates results in the capital value of fixed interest investments falling. A decrease in interest rates results in the capital value of fixed interest investments rising.

**Market:** Economic, technological, political and legal factors and market sentiment can change. These changes may affect the value of financial products in investment markets, a fund's investments and the value of the units in the fund.

**Credit:** Interest earning securities represent loans to borrowers that include central and local government, registered banks and companies. Credit risk is the risk that a borrower may default on interest or capital repayments.

**Currency:** When the NZ currency appreciates or depreciates relative to the currency of the country in which the fund invests, the return on or value of your investment may be reduced where the NZ dollar rises or falls relative to other currencies.

**Company specific:** A specific company's business outlook may deteriorate because of management changes, strategy decisions, competitor activities or declining demand for its products or services. Where a fund invests in the securities of companies affected by these circumstances, investors' returns from their investment may be negatively affected.

**Liquidity:** An investment may not be able to be sold quickly enough to prevent or minimise a loss. A lack of liquidity may also affect the amount of time it takes to satisfy withdrawal requests.

**Derivative:** We will enter into foreign currency exchange contracts to manage currency exposures. We may also enter into other derivative contracts to manage interest rate and credit exposures. Certain risks arise out of the use of derivatives, including significant gains or losses.

More detail on the risks of investing can be found in the “Other Material Information” document on the Scheme’s registry entry at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

## Other specific risks

**Stock selection risk:** The ARK Disruptive Innovation Fund invests in companies that the investment manager believes are capitalising on disruptive innovation and developing technologies to displace older technologies or create new markets may in fact not do so or that initially develop a novel technology may not be able to capitalise on the technology. Companies that develop disruptive technologies may face political or legal attacks from competitors, industry groups or local and national governments:

- **Regulatory, market and political:** The Fund is subject to NZ laws and regulation, and the investments of the Underlying Fund will be subject to the laws for each of their specific jurisdictions. Unexpected changes in economic, technological, structural, regulatory or political conditions can have an impact on the returns of all investments within a particular market.
- **Sector specific:** the value of investments in the Underlying Fund may be impacted by factors related to a specific sector. These could see increased or changes to government regulations for a specific sector, rapid product development or competition or economic conditions. The thematic approach of this Fund may result in sector concentrations which would increase the level of sector specific risk.
- **Concentration risk:** the Underlying Fund is generally invested in 40-65 stocks however the investments are expected to be skewed to the top ten. The Underlying Fund has no sector or currency constraints, only a 25% cap in a single GICS sub-industry. The manager of the Underlying Fund may build a portfolio that may be heavily concentrated to a particular sector, industry, country or theme. This may create potential for sharper movements in the market price of the Fund.

**Key person risk:** The ARK Disruptive Innovation Fund is a specialised fund with a small investment team therefore, changes in key personnel may have particular impact on this fund’s performance.

**Leveraged strategy:** The Option Fund invests in the Nikko AM Wholesale Option Fund (“Wholesale Fund”). The Wholesale Fund uses a leveraged investment strategy to simultaneously sell call and put options on long dated government bonds. The Wholesale Fund can incur significant short term losses quickly due to extreme movements (called “volatility”) in long-term interest rates. As an example of the impact of volatility on the Wholesale Fund, when the US Government was downgraded from AAA to AA+ credit rating in August 2011, the Wholesale Fund fell 29% over the month. When this type of event occurs, the increased volatility which caused the initial loss will also likely result in the Wholesale Fund receiving a higher stream of income when new options are sold (where those new options will have higher income). The impact of interest rate volatility is magnified by the use of leverage. For every \$1 in the fund, up to \$6 of call options and \$6 of put options can be sold. The options are sold in pairs, each comprising a call and a put option with the same expiry date. Accordingly, the effective leverage of the fund is 6 times the value of the fund. This has the potential to negatively impact the performance of the funds, in particular the Option Fund. The Option Fund is therefore a specialist investment strategy suitable only for experienced investors who are comfortable to accept short periods of sharp volatility and are investing over a period of three years or longer.

## 5. What are the fees?

You will be charged fees for investing in the Scheme. Fees are deducted from your investment and will reduce your returns. If we invest in other funds, those funds may also charge fees. Fees are charged in two ways:

- regular charges - (e.g. annual fund charges). Small differences in these fees can have a big impact on your investment over the long term.
- one-off fees - (e.g. individual action fees).

Fund	Management Fee (% p.a. of NAV)	Estimated performance-based fee and Other Expenses (charged by the underlying funds) % p.a. of NAV	Estimated total annual fund charges % p.a. of NAV.
NZ Cash Fund	0.45%	None	0.45%
NZ Corporate Bond Fund	0.80%	None	0.80%
Core Equity Fund	0.95%	None	0.95%
Global Shares Fund	1.15%	None	1.15%
ARK Disruptive Innovation Fund	1.25%	None	1.25%
Option Fund	1.15%	None	1.15%

**Other charges:** In addition you will be charged a member fee of \$30 p.a., irrespective of how many funds you invest in.

**GST:** All fees and expenses are inclusive of GST where applicable.

### Annual fund charges

#### Management Fee

We charge an annual management fee to each fund which is used to pay for the management of the relevant fund's assets, including underlying investment costs, the supervisor's fee and fund administration costs (such as audit fees, registry services and unit pricing).

#### Other Expenses

An underlying unrelated fund, into which the Conservative, Balanced and Growth Funds invest, has expenses embedded. An explanation of how these are estimated is included in the Other Material Information document at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

The funds invest in funds managed by us. Apart from the performance fees described below, no other fees are charged by the underlying Nikko AM funds.

## Individual action fees and trading costs

There are currently no contribution, establishment, termination, withdrawal or switching fees being charged to the funds offered under this PDS. We can introduce these fees in the future as set out in the Trust Deed.

You may be charged other fees on an individual basis for investor-specific decisions or actions.

### Buy/sell spreads

A buy/sell spread is to ensure that if a transaction occurs in a fund because an investor is buying or selling units, that this investor pays this cost and not the other unit holders in the fund.

The transaction costs that buy/sell spreads offset are specific costs that are incurred when securities are bought or sold, for example, a cost would be a fee paid to a share broker to buy and sell shares.

At times of heightened market volatility there may not be the normal number of buyers and sellers of securities, which can lead to a material difference between the price you would pay to buy a security and the price you would receive for selling it. We will amend the buy/sell spread in our funds to ensure that this cost difference is borne by those who are transacting and not the other unit holders.

Buy/sell spreads vary by fund and we may change the spreads from time to time to reflect the latest brokerage costs and market conditions. For the most up to date spreads see <https://www.nikkoam.co.nz/invest/buy-sell-spreads>

Further information is available in the Buy/Sell Spread document on Disclose at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose)

### Servicing and advice fees (applies only with your agreement and if you are receiving financial advice)

If we have received a letter of instruction from you to deduct an agreed fee payable to your financial adviser, we will deduct that agreed fee as a servicing and advice fee. This fee is capped at 0.25% per annum (incl. GST), and is paid monthly by redemption of units you hold, until you advise us that you no longer wish us to pay that fee.

Further information is available in the Servicing and Advice Fees document on Disclose at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

## Other charges

### Member fee

The member fee is calculated at the rate of \$2.50 per member per calendar month (or part month) and represents an annual fee of \$30. It is used to pay for the general administration of your account.

### Example of how fees apply to investors

Sanna invests \$10,000 in the Global Shares Fund. The starting value of her investment is \$10,000.

A buy spread of 0.07% is incorporated in the unit price that she pays for her investment. This equates to \$7.<sup>1</sup>

This brings the starting value of her investment to \$9,993.

She is charged management and administration fees, which work out to about \$115 (1.15% of \$9,993). These fees might be more or less if her account balance has increased or decreased over the year.

Over the next year, Sanna pays other charges of \$30.

### Estimated total fees for the first year

Individual action fees: \$25 (if you have agreed to a servicing and advice fee of 0.25%)

Fund charges: \$115

Other charges: \$30

Trading costs: \$7<sup>1</sup>

See the latest fund update for an example of the actual returns and fees investors were charged over the past year.

<sup>1</sup>Based on most recent spread applied to the fund at the date of this PDS. See <https://www.nikkoam.co.nz/invest/buy-sell-spreads> for current buy/sell spreads

This example applies only to the Global Shares Fund. If you are considering investing in other funds or investment options in the Scheme, this example may not be representative of the actual fees you may be charged.

### The fees can be changed

We can introduce new fees or change the annual fund charges and other fees outlined in this section. Any change to the fees will be made in accordance with the Nikko AM NZ Trust Deed.

Nikko AM must publish a fund update for each fund showing the fees actually charged during the most recent year. Fund updates, including past updates, are available at [www.nikkoam.co.nz/invest/kiwisaver](http://www.nikkoam.co.nz/invest/kiwisaver).

## 6. What taxes will you pay?

The funds are portfolio investment entities. The amount of tax you pay is based on your prescribed investor rate (PIR). To determine your PIR, go to <https://www.ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate>. If you are unsure of your PIR, we recommend you seek professional advice or contact the Inland Revenue Department. It is your responsibility to tell Nikko AM your PIR when you invest or if your PIR changes. If you do not tell Nikko AM, a default rate may be applied. If the rate applied to your PIE income is lower than your correct PIR, you will be required to pay any tax shortfall as part of the income tax year-end process. If the rate applied to your PIE income is higher than your PIR, any tax over-withheld will be used to reduce any income tax liability you may have for the tax year and any remaining amount will be refunded to you.



## 7. Who is involved?

### About Nikko Asset Management New Zealand Limited

Nikko AM is a wholly owned subsidiary of Nikko Asset Management Co., Ltd, headquartered in Japan. Nikko Asset Management has investment professionals across the world's major financial centres.

You can contact us:

- Phone: 09 307 6388
- Freephone: 0800 303 308
- Email: [NZenquiries@nikkoam.com](mailto:NZenquiries@nikkoam.com)
- Write: PO Box 3892, Shortland Street, Auckland 1140

### Who else is involved?

Party	Name	Role
Supervisor	Public Trust	Supervisor of the Scheme and responsible for monitoring our compliance with our obligations.
Custodian	BNP Paribas Fund Services Australasia Pty Limited ("BNP")	Appointed by the Supervisor to hold all of the assets of the funds on trust on behalf of the members.
Administrator	BNP	Perform services including fund valuation, unit pricing, fund accounting and PIE fund administration.
Registrar	MMC Limited	Perform unit registry services.
Auditor	KPMG	Auditor of the Scheme.
Investment Manager of the Underlying Fund	Nikko Asset Management Americas Inc.	Implementation of the investment strategy as advised by the investment adviser.
Investment Adviser	ARK Investment Management LLC.	Provides a portfolio of global shares that offer thematic exposure to disruptive innovation.

## 8. How to complain

Any complaints about the Scheme may be referred to the Manager via the contact details provided under Section 7 of the PDS.

You can also complain to the supervisor at:

### **Public Trust**

Level 9, 34 Shortland Street, Auckland 1010

Private Bag 5902, Wellington 6140

0800 371 471

[CTS.enquiry@publictrust.co.nz](mailto:CTS.enquiry@publictrust.co.nz)

[www.publictrust.co.nz/corporate-trustee-services](http://www.publictrust.co.nz/corporate-trustee-services)

The Manager and the supervisor are both members of Financial Services Complaints Limited's independent dispute resolution scheme. If you have made a complaint to us and it has not been resolved within 40 days or if you are dissatisfied with the proposed resolution, you can refer it to:

### **Financial Services Complaints Limited**

4th Floor, 101 Lambton Quay, Wellington 6011

Financial Services Complaints Limited, PO Box 5967, Lambton Quay, Wellington 6140

[info@fscl.org.nz](mailto:info@fscl.org.nz)

0800-347-257

Financial Services Complaints Limited will not charge a fee to any complainant to investigate or resolve a complaint. Further information about referring a complaint to Financial Services Complaints Limited can be found at [www.fscl.org.nz](http://www.fscl.org.nz).

## 9. Where you can find more information

Further information relating to the Scheme and the funds (for example, financial statements, annual reports, quarterly fund updates, the Trust Deed and SIPO) is available on Disclose at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) and a copy of information on the offer register or schemes register is available on request to the Registrar of Financial Service Providers. You will not be charged any fee to access this information.

An annual statement and PIE Tax Statement will be sent to you or made available through an electronic facility before the end of June each year. These provide information such as your balance at year end, change in balance during the year, what fees you have been charged and how much PIE tax has been paid on your behalf.

You can find more information about us and the Scheme on our website [www.nikkoam.co.nz](http://www.nikkoam.co.nz).

## 10. How to apply

You can apply to join or transfer to our Scheme at [www.goalsgetter.com](http://www.goalsgetter.com).