

# NIKKO AM ARK GLOBAL DISRUPTIVE INNOVATION FUND

## Product Disclosure Statement (PDS)

Issued 21 December 2020

### Important notice

This PDS provides a summary of significant information about the Nikko AM ARK Global Disruptive Innovation Fund (ARSN 627 341 744) (**Fund**) together with references to additional important information about the Fund which is available on our website at [www.nikkoam.com.au/pds](http://www.nikkoam.com.au/pds) or by calling Nikko AM Investor Services.



**References to additional information are highlighted with this symbol.**

It is important you read this PDS and the additional information (which forms part of this PDS) before making a decision about the Fund.

The information in this PDS is general information only and does not take into account your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances. Investment in the Fund is only available to persons receiving this PDS (electronically or otherwise) within Australia.

### Contact details

#### Nikko AM Investor Services

Address: GPO Box 804  
Melbourne VIC 3001

Phone: 1800 251 589  
8.30am to 5.30pm (Sydney time)  
Monday to Friday

Fax: 1300 362 722

Email: Transactions only:  
[transactions@registry.nikkoam.com.au](mailto:transactions@registry.nikkoam.com.au)

Other:  
[investor@registry.nikkoam.com.au](mailto:investor@registry.nikkoam.com.au)

Web: [www.nikkoam.com.au](http://www.nikkoam.com.au)

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### Updated information

Information in this PDS may change. Any updates to information that are not materially adverse will be provided on our website at [www.nikkoam.com.au/pds](http://www.nikkoam.com.au/pds). Please check our website, or call Nikko AM Investor Services or your financial adviser for any updates prior to investing as the information may change between the times when you read this PDS and when you invest in the Fund. A paper copy of any updates will be provided free of charge upon request.

## 1. About Nikko Asset Management Australia Limited

Nikko Asset Management Australia Limited (**Nikko AM Australia, we, our or us**) is the responsible entity of the Nikko AM ARK Global Disruptive Innovation Fund (**Fund**). As responsible entity, we are responsible for ensuring the Fund is managed in accordance with its constitution and its stated investment strategy, and for the day-to-day administration of the Fund.

We have appointed Nikko AM Limited ABN 99 003 376 252, AFSL 237563 (**NAML**), a related company, as the investment manager of the Fund. NAML is responsible for the management of the assets of the Fund including selecting assets, and/or investment vehicles and appointing other managers to manage some or all of the Fund's assets. NAML may be supported by Nikko Asset Management Asia Limited (NAM Asia) in the investment management of the Fund.

NAM Asia is based in Singapore and is regulated and licensed by the Monetary Authority of Singapore (company registration number 198202562H). NAM Asia does not hold an Australian Financial Services Licence.

Nikko AM Australia, NAML and NAM Asia are part of the Nikko Asset Management Co., Ltd group of companies (**Nikko AM Group**). The Nikko AM Group has approximately AUD 348 billion in funds under management as at 30 September 2020.

Neither Nikko AM Australia nor any member of the Nikko AM Group guarantees the performance of the Fund or the repayment of capital from the Fund or any particular rate of return.

## 2. How the Nikko AM ARK Global Disruptive Innovation Fund works

The Fund is a registered managed investment scheme in which amounts invested by investors are pooled and invested in the manner described in Section 5 'How we invest your money'.

Investors are issued units that represent their beneficial interest in the assets of the Fund as a whole. Investors do not have an entitlement to any particular asset of the Fund. The terms of the units, including an investor's rights and obligations, are set out in this PDS, the 'Additional Information to the Product Disclosure Statement of the Nikko AM Global Funds' (**AIB**) and the Fund's constitution (a copy of which is available to you on request).

The Fund substantially invests in shares in the Nikko AM ARK Disruptive Innovation Fund (**Underlying Fund**), a sub-fund of the Nikko AM Global Umbrella Fund, an open-ended investment company (**Company**) established under Luxembourg law as a 'société d'investissement à capital variable' (**SICAV**).

The Underlying Fund is registered under Part I of the Luxembourg law of 17 December 2010 relating to Undertakings for Collective Investment in Transferable Securities, as amended (commonly known as **UCITS**).

The Company, as a UCITS, operates specific portfolios as sub-funds and each sub-fund is distinguished by a specific investment policy, represented by one or more share classes. The share class of the Underlying Fund in which the Fund substantially invests is the Nikko AM ARK Disruptive Innovation Fund – Class U denominated in Australian Dollars (**AUD**). The Fund is considered a shareholder of the Underlying Fund.

The Company's management company is Nikko Asset Management Luxembourg S.A., which is part of the Nikko AM Group.

Nikko Asset Management Americas Inc (**NAM Americas**), a company within the Nikko AM Group, is the investment manager for the Underlying Fund. NAM Americas is sub-advised by ARK Investment Management LLC, a strategic partner of the Nikko AM Group.

### Unit pricing

A unit price is usually calculated each Business Day by dividing the total net value of the Fund's assets by the number of units on issue in the Fund, rounded to four decimal places. The net asset value of the Fund is defined as the total value of the Fund's assets less all liabilities of the Fund at the applicable time (excluding amounts required to fund liabilities for unitholder withdrawals).

The Fund's assets are valued in accordance with the Fund's constitution, based on market values. Unit prices will vary as the market value of the Fund's assets rises or falls. The most recent unit prices are available at [www.nikkoam.com.au/unit-prices](http://www.nikkoam.com.au/unit-prices)

An allowance for costs incurred in buying and selling Fund assets will be added to, or subtracted from, the Fund's unit price in determining a purchase price and a redemption price per unit. The difference between the purchase price and the redemption price is known as the buy/sell spread.

When you invest in the Fund you will be issued units based on the purchase price. When you withdraw from the Fund your units will be redeemed at the redemption price.

### Investing

To invest in the Fund, you will need to complete an application. Please see Section 8 'How to apply' for more information on how to apply.

You can add to your investment at any time by completing and sending us an **additional investment form**, together with your investment amount. You can also make regular monthly investments using the Regular Savings Plan (**RSP**).

The following minimum investment amounts apply:

- Minimum initial investment: \$10,000
- Minimum additional investment: \$1,000
- Minimum monthly RSP investment: \$250

We may accept lower amounts at our discretion and reserve the right not to accept an application to invest for any reason.

The number of units issued to you when you make an investment will be calculated by dividing the amount you invest, less any contribution fee (if applicable), by the applicable purchase price.

The cut-off time for receiving applications is 2pm Sydney time on a Business Day. Completed applications received before the cut-off time will generally be processed using the purchase price calculated as at the close of business on that day.

Applications received after this time, or on a non-Business Day, will be taken to have been received before the cut-off time on the next Business Day and will be processed on that day. Confirmation of an investment will generally be issued to you within five Business Days of the application being processed.

Application monies will be held in a trust account until units are issued. The trust account is a non-interest bearing account.

We cannot accept investments from third parties (e.g. from an account that is not in your name).

### Withdrawing

You can withdraw all or part of your investment by completing a **redemption request form** and submitting it to us by mail, fax or scan to email. Forms are available at [www.nikkoam.com.au/forms-brochures](http://www.nikkoam.com.au/forms-brochures) or on request from Nikko AM Investor Services.

**The minimum withdrawal amount is \$1,000.** However, should your request for a withdrawal result in your balance falling below \$10,000, we reserve the right to redeem your balance in the Fund in full and have it paid to you, less any applicable fees.

Withdrawal requests received before 2pm Sydney time on a Business Day will generally be processed using the withdrawal price calculated as at the close of business on that day. Withdrawal requests received

after this time, or on a non-Business Day, will generally be processed using the withdrawal price applicable for the next Business Day.

Withdrawal proceeds are usually paid within ten Business Days of receiving your withdrawal request, although the Fund's constitution allows up to 180 days to process withdrawal requests and 21 days to pay the proceeds thereafter. The withdrawal proceeds are paid to your nominated Australian bank account. Payment of withdrawal proceeds cannot be paid to a third party. Withdrawal proceeds are paid into a trust account before being paid to you. The trust account is a non-interest bearing account.

### Restrictions on withdrawals

In some circumstances, your ability to withdraw from the Fund is restricted and you may not be able to withdraw your investment within the usual period. For example, we may delay or suspend redemption requests if we believe that it is in the best interest of investors as a whole or where the Fund becomes illiquid (under the *Corporations Act 2001* (Cth) (**Corporations Act**), in general terms a fund is illiquid if it has less than 80% liquid assets that is, cash and marketable securities). If a fund becomes 'illiquid', withdrawal procedures specified in the Corporations Act apply. A redemption request lodged during the period of suspension is deemed received immediately after the end of the period of suspension. Following any period of suspension of redemption requests, we will pay withdrawal proceeds within 21 days of the date on which the suspension ends.



You should read the important information about adding to your investment and withdrawing from your investment before making a decision. Go to 'Additional Information to the Product Disclosure Statement of the Nikko AM Global Funds' at [www.nikkoam.com.au/pds](http://www.nikkoam.com.au/pds)

The material relating to investing and withdrawing may change between the time when you read this PDS and the time you acquire the product.

### Distributions

The Fund's constitution provides for distributions to be calculated annually. Due to the capital growth style of this Fund we expect annual income distributions to be minimal or nil at times.

The distribution amount will vary between distribution periods and is not guaranteed. There may be times when a distribution is not made by the Fund and times when a 'special' distribution is required outside the usual distribution periods. If available, net income and realised net capital gains generated by the Fund will be distributed to investors annually, usually within 10 to 15 Business Days following 30 June.

The Fund's unit price will generally fall immediately following the end of a distribution period reflecting the amount of income and capital gains paid from the Fund, which reduces the Fund's assets.

The amount you receive for each distribution period will depend on the number of units you hold at the end of a distribution period and the amount per unit to be distributed by the Fund. If you invest just before a distribution period you may receive some of your investment back as income.

You can choose to have your distributions reinvested in additional units in the Fund or paid directly into your nominated Australian financial institution account. If you do not make a choice we will automatically reinvest your distributions in additional units.

Distributions are paid into a trust account before being paid to you. The trust account is a non-interest bearing account.

Distributions are normally calculated as at the last Business Day of the distribution period. Units issued on reinvestment of a distribution are normally issued at the unit price effective the last Business Day of the distribution period.

You may alter your instruction to receive or reinvest distributions by completing a **change of distribution preference form** available at [www.nikkoam.com.au/forms-brochures](http://www.nikkoam.com.au/forms-brochures) or on request from Nikko AM Investor Services. Requests to change your instructions must be received at least five Business Days prior to the end of a distribution period to be effective for that distribution period.

### Unclaimed distributions

Any unclaimed distributions will be reinvested into the Fund during the next distribution period at the applicable purchase price. In that event, we will change your distribution election to reinvest until you notify us otherwise. Unclaimed distributions are held in a non-interest bearing trust account, therefore you will not receive any interest or income on your distribution pending reinvestment.

### Indirect investors

We authorise the use of this PDS for investors who wish to invest in the Fund indirectly through an Investor Directed Portfolio Service, Investor Directed Portfolio Service like scheme or a nominee or custody service (collectively referred to as an IDPS).

If you invest in the Fund through an IDPS, you do not become a unitholder in the Fund and therefore do not have the rights of a unitholder. The IDPS operator becomes a unitholder and acquires these rights and may exercise these rights as it sees fit. You do not need to complete any Nikko AM forms when investing through an IDPS.

Please note that the IDPS operator may also apply different conditions to those outlined in this PDS, including different cut-off and processing times for applications and withdrawals and different time frames for payment of distributions and sending reports and notices to you.

## 3. Benefits of investing in the Nikko AM ARK Global Disruptive Innovation Fund

### Significant features

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.

The Nikko AM ARK Global Disruptive Innovation Fund provides exposure to global equities that are relevant to the investment theme of disruptive innovation through the Underlying Fund.

### Significant benefits

Benefits of investing in the Fund include:

- access to a global equity portfolio that provides thematic exposure to disruptive innovation across a number of sectors, economies, geographies and companies
- access to early-stage and emerging companies through listed global equity markets, which offer high growth potential without the high costs and illiquidity typically associated with similar investments accessed via venture capital funds
- access to investment opportunities and markets that may not be accessible to individual investors
- access to an established team with significant experience in managing disruptive innovation portfolios
- the potential for long-term capital growth created by disruptive innovation
- the option to make regular investments with a Regular Savings Plan
- regular investment statements and an annual tax statement to keep you up-to-date on your investments
- a customer service team to assist with your queries about the Fund and your investment
- online access to up-to-date information about your investment.

## 4. Risks of managed investment schemes

All investments carry risk. Different strategies may carry different levels of risk, depending on the assets that make up the strategy. The level of risk may be different for different types of funds depending on the underlying assets held in accordance with a fund's investment strategy. In general, assets with the highest long-term returns may also carry the highest level of short-term risk.

The significant risks associated with investing in the Fund are summarised below, but these risks are not exhaustive and there would be other risks that may adversely affect the Fund:

- **Counterparty risk:** The Fund has exposure to a number of counterparties including issuers or guarantors of a security, brokers, clearing parties, the custodian and administrator. This is the risk that a counterparty may fail to perform or meet its contractual obligations (either in whole or in part) resulting in loss for the Fund.
- **Currency risk:** The Fund predominantly has exposure to investments denominated in currencies other than Australian dollars. This is the risk that fluctuations in exchange rates between the Australian dollar and foreign currencies may impact performance of the Fund (for example, a rise in the Australian dollar relative to a foreign currency may negatively impact investment values and returns).
- **Cyber security risk:** This is the risk of fraud, business disruption, data loss or damage to the information of the Fund or to investors' personal information as a result of a threat or failure to protect the information or personal data stored within the IT systems and networks of Nikko AM Australia or other service providers (including agents and counterparties). This may result in a disruption of services, including our ability to process application and redemption requests.
- **Emerging market risk:** The Fund may have exposure to emerging markets. Investments in emerging markets are generally considered riskier than developed markets due to factors such as lower liquidity, greater political and economic uncertainties, increased likelihood of government intervention and generally less developed regulatory environments. As such, investments in foreign markets may experience higher asset price volatility and may face higher currency, default and liquidity risks.
- **Fund risk:** These are risks specific to the Fund and include the risk that the Fund could terminate and that the fees and expenses payable could change. There is also a risk that investing in the Fund may give different results than holding the underlying assets directly because of income or capital gains accrued in the Fund and the consequences of investments and withdrawals by other investors in the Fund.
- **Global investment risk:** The Fund has exposure to shares or derivative instruments issued in foreign markets and economies. Differences in macroeconomic factors, foreign exchange control regulations, foreign government policy and regulations including tax laws, securities trading and settlement procedures can impact on the value of the Fund's investment.
- **Interest rate risk:** This is the risk that the capital value or income of a security may be adversely (both directly and indirectly) affected when interest rates rise or fall.

- **Investment manager risk:** This is the risk that the investment manager's investment approach or strategy may not achieve the performance objectives or produce returns that are positive. The investment manager may change its investment strategies and internal trading guidelines over time, and there is no guarantee that such changes would produce positive results. Changes in key personnel may also impact on the investment returns of the Fund.
- **Liquidity risk:** This is the risk that an asset may not be able to be sold within a timely manner and at a fair price, potentially resulting in delays in processing a withdrawal request, or even the suspension of redemptions. Under abnormal or difficult market conditions, some normally liquid assets may become illiquid, restricting our ability to sell them and to make withdrawal payments for investors without a potentially significant delay.
- **Market risk:** Investment performance is influenced by the performance of the market as a whole (both within Australia and globally). Accordingly, changes in economic conditions, market volatility and sentiment, technology, politics, legal and regulatory policy can directly or indirectly influence the value of the Fund.
- **Regulatory and legal risk:** The Fund is subject to Australian laws and regulations. This is the risk that governments or regulators may introduce or implement laws and regulations that may affect the management and performance of the Fund.
- **Sector specific risk:** This is the risk that the value of the investments in the Underlying Fund may be impacted by factors related to a specific sector. These factors could include increased or changes to government regulations for a specific sector, rapid product development, competition or economic conditions.
- **Security risk:** This is the risk that the shares held by the Underlying Fund can fall in value for many reasons, including inflation, changes in internal operations or management, or changes in the business environment of the company of which the Fund has investment exposure.
- **Underlying Fund risk:** The Fund substantially invests in the Underlying Fund and is subject to the terms and conditions including the risks of the Underlying Fund. The investment performance of the Fund is affected by the investment performance of the Underlying Fund. Changes to the Underlying Fund may also have an impact on the Fund.

There is no guarantee that the Fund will achieve its performance objective or produce results that are positive.

It is important for you to carefully consider the risks of investing in the Fund and to understand that:

- the value of your investment may go up and down
- investment returns may vary and future returns may differ from past returns
- returns are not guaranteed and you may lose some or all of the money you invest
- laws affecting managed investment schemes may change in the future.

The level of risk you are willing to accept will depend on a range of factors including your age, investment time frame, where other parts of your wealth are invested and your overall tolerance to risk.

We recommend you seek professional advice on the appropriateness of this investment before making any investment decision.

## 5. How we invest your money

The following table provides an overview of the Fund's return objective and investment strategy.

You should consider the likely investment return and risk of the Fund and your investment time frame when deciding whether to invest in the Fund.

NIKKO AM ARK GLOBAL DISRUPTIVE INNOVATION FUND (APIR NIK1854AU)												
<b>Fund inception</b>	August 2018											
<b>Fund description</b>	<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>The Nikko AM ARK Global Disruptive Innovation Fund provides exposure to global equities that are relevant to the investment theme of disruptive innovation through the Underlying Fund. The Fund provides access to a global equity portfolio that offers thematic exposure to disruptive innovation across a number of sectors, economies, geographies and companies. This includes access to early-stage and emerging companies through listed global equity markets, which offer high growth potential without the high costs and illiquidity typically associated with similar investments accessed via venture capital funds.</p> <p>The Fund is designed for investors who seek a global equity portfolio that provides long-term capital growth via exposure to disruptive innovation, but who accept the risk of significant price fluctuations.</p> <p>Both the Fund's and Underlying Fund's investment strategy does not permit derivatives to be used for speculative or gearing purposes.</p>											
<b>Investment return objective</b>	The Fund aims to achieve a target average total return (before fees, expenses and taxes) of 10% to 15% per annum over a rolling five year period.											
<b>Strategic asset allocation</b>	<table border="1"> <thead> <tr> <th>Asset class</th> <th>Target range</th> <th>Target allocation</th> </tr> </thead> <tbody> <tr> <td>Global equities (unhedged)</td> <td>90 – 100%</td> <td>98%</td> </tr> <tr> <td>Cash</td> <td>0 – 10%</td> <td>2%</td> </tr> </tbody> </table>	Asset class	Target range	Target allocation	Global equities (unhedged)	90 – 100%	98%	Cash	0 – 10%	2%	Investments may be made directly or indirectly through other investment vehicles.	
Asset class	Target range	Target allocation										
Global equities (unhedged)	90 – 100%	98%										
Cash	0 – 10%	2%										
<b>Suggested minimum investment time frame</b>	<p>7+ years</p> <p>Please note, this is a guide only, not a recommendation.</p>											
<b>Risk level</b>	<p>Very High</p> <p>The likelihood of the value of your investment going down over the short-term is high compared to investments in funds investing in other types of assets such as fixed interest or cash. See Section 4 'Risks of managed investment schemes' for further information.</p>											
<b>Labour standards, environmental, social and ethical considerations</b>	We have appointed NAML as the investment manager of the Fund. NAML may take labour standards, environmental, social and governance (ESG) considerations into account when selecting investment vehicles and appointing other managers. The investment manager for the Underlying Fund, in conjunction with the sub-adviser, may take ESG and ethical considerations into account when selecting, retaining or realising investments. ESG and ethical issues are assessed on a case-by-case basis with an emphasis on the relevance to the value of an investment. Nikko AM is a signatory to the Principles for Responsible Investment (PRI).											
<b>Up-to-date information</b>	For up-to-date performance, Fund size and asset allocation details please refer to the Fund's Monthly Fund Update at <a href="http://www.nikkoam.com.au">www.nikkoam.com.au</a> or contact Nikko AM Investor Services.											
<b>Changes to the Fund</b>	We have the right to close or terminate the Fund and change the Fund's investment return objective, asset classes and asset allocation ranges and currency strategy (if any). We will inform investors of any material change to the Fund's details in their next regular communication or as otherwise required by law.											
<b>Switches</b>	Switches are not permitted in this Fund.											

## 6. Fees and costs

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better investor services justify higher fees and costs.

You may be able to negotiate to pay lower fees. Ask the Fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** Moneysmart website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole.

Taxes are set out in Section 7 'How managed investment schemes are taxed'.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

NIKKO AM ARK GLOBAL DISRUPTIVE INNOVATION FUND		
Type of fee or cost	Amount	How and when paid
<b>Ongoing annual fees and costs</b>		
<b>Management fees and costs</b> <sup>1,2,3</sup> The fees and costs for managing your investment	1.35% p.a. of the net asset value of the Fund	The management costs are calculated and accrued daily and are paid monthly in arrears from the Fund's assets (and are reflected in the unit price).
<b>Performance fees</b> Amounts deducted from your investment in relation to the performance of the product	N/A	N/A
<b>Transaction costs</b> <sup>3</sup> The costs incurred by the scheme when buying or selling assets	0.00% p.a.	Transaction costs incurred are deducted from the assets of the Fund.
<b>Investor activity related fees and costs (fees for services or when your money moves in or out of the product)</b>		
<b>Establishment fee</b> The fee to open your investment	N/A	N/A
<b>Contribution fee</b> The fee on each amount contributed to your investment	N/A	N/A
<b>Buy/sell spread</b> <sup>3</sup> An amount deducted from your investment representing costs incurred in transactions by the scheme	0.25% / 0.25%	The buy/sell spread is paid when you make an application or redemption to the Fund.
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	N/A	N/A
<b>Exit fee</b> The fee to close your investment	N/A	N/A
<b>Switching fee</b> <sup>4</sup> The fee for changing investment options	N/A	N/A

- In this section, fees and costs include Goods and Services Tax (GST) less any reduced input tax credits (RITC) where applicable. If the GST and/or RITC rates change, the Fund's constitution permits us to recover any additional amount from the assets of the Fund.
- The amount of this fee may be negotiated. Please refer to the 'Differential fees' section for more information.
- For more information on what this fee comprises, please refer to the 'Additional explanation of fees and costs' on the following page.
- Switches are not permitted in this Fund.

### Example of annual fees and costs for the Fund

This table gives an example of how the ongoing annual fees and costs in the Fund can affect your investment over a one-year period.

You should use this table to compare this product with other products offered by managed investment schemes.

Example Nikko AM ARK Global Disruptive Innovation Fund		Balance of \$50,000 with a contribution of \$5,000 during the year
Contribution fees	N/A	For every additional \$5,000 you put in, you will be charged \$0.
<b>PLUS</b> Management fees and costs	1.35% p.a.	<b>AND</b> for every \$50,000 you have in the Fund you will have deducted from your investment \$675 each year.
<b>PLUS</b> Performance fees	N/A	<b>AND</b> you will have deducted from your investment \$0 in performance fees each year.
<b>PLUS</b> Transaction costs	0.00% p.a.	<b>AND</b> you will have deducted from your investment \$0 in transaction costs.
<b>EQUALS</b> Cost of Nikko AM ARK Global Disruptive Innovation Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs of:  \$675*  <b>What it costs you will depend on fees you negotiate.</b>

\* Assumes \$50,000 is invested for the entire year and \$5,000 is invested at the end of the year and that the value of the investment is constant over the year.

### Additional explanation of fees and costs

#### Management costs

The management costs for the Fund comprise:

- a management fee paid to us as responsible entity for managing and administering the Fund
- an allowance for administration costs and expenses, for example, custodian, audit and distribution costs incurred in managing the Fund which we are entitled to be reimbursed for under the provisions of the Fund's constitution
- an estimate of indirect costs, if any, based upon information available and reasonable estimates as at the date of this PDS. Please refer to our website for any updates to this amount that are not materially adverse.

Any administration expenses in excess of the amount provided for in the management cost are paid by us and are not an additional cost to you.

#### Transaction costs

Transaction costs are costs associated with buying and selling a Fund's assets, including, for example; brokerage, buy/sell spread in respect to the underlying investment, settlement (including custody costs), clearing costs, stamp duty, derivative costs and interposed vehicle costs.

Transaction costs are deducted from your investment as they are incurred by the Fund. They are not a fee paid to us.

Transaction costs are shown net of costs recovered from the application of the buy/sell spread (see below) to transacting investors.

The estimated net transaction costs for the Financial Year to 30 June 2020, for this Fund are outlined in the table on the previous page.

As this fee is based on estimates, you should refer to our website at [www.nikkoam.com.au/transactioncosts](http://www.nikkoam.com.au/transactioncosts) for any update to this figure.

### Buy/sell spread

An allowance for costs may be made in determining a Fund's purchase price and redemption price. The difference between the purchase price and the redemption price is known as the buy/sell spread. The use of a buy/sell spread means that costs incurred in allowing investors to enter or exit the Fund are paid by those investors who are transacting.

The buy/sell spread is an additional cost incurred by you when you invest in and withdraw from the Fund and is retained within the Fund to offset costs incurred. It is not a fee paid to us.

It may vary from time to time to reflect changes in the costs incurred, or likely to be incurred. The buy/sell spread that is applicable for this Fund as at the date of this document is set out in the table on the previous page.

The buy/sell spread for the Fund may change from time to time without advanced notice. For the most up to date buy/sell spread refer to our website at [www.nikkoam.com.au/transactioncosts](http://www.nikkoam.com.au/transactioncosts)

### Swing Pricing Adjustment

The Underlying Fund may suffer a reduction in value, known as 'dilution' when trading the underlying investments as a result of net inflows or net outflows of the Underlying Fund. This is due to transaction charges and other costs that may be incurred by liquidating and purchasing the underlying assets and the spreads between the buying and selling prices. In order to counter this effect and to protect shareholders' interests, the Company may adopt a swing pricing mechanism as part of its valuation policy.

If swing pricing is applied to the Underlying Fund on a particular valuation day, the Fund's unit price will be impacted.

 Please refer to the 'Additional Information to the Product Disclosure Statement of the Nikko AM Global Funds' for further information relating to Swing Pricing Adjustment.

### Differential fees

We may negotiate differential fees with 'Wholesale Clients' (as defined in the Corporations Act). Accordingly, a separate fee or rebate agreement may be entered into with each investor. This agreement may also contain arrangements for recovery of expenses, payment of an agreed fee and a rebate of the fee, independent of any fee provision contained in the Fund's constitution.

These costs are borne by NAML.

### Changes to the fees and costs

We have the right to change the fees and costs outlined in this section. We will give direct investors 30 days' notice of any proposed increase in fees. If you are investing through an IDPS, your IDPS operator will be given 30 days' notice of any increase in fees.




You should read the important information about fees and costs before making a decision. Go to 'Additional Information to the Product Disclosure Statement of the Nikko AM Global Funds' at [www.nikkoam.com.au/pds](http://www.nikkoam.com.au/pds)

The material relating to fees and costs may change between the time when you read this PDS and the time you acquire the product.

## 7. How managed investment schemes are taxed

Investing in a managed investment scheme is likely to have tax consequences for investors. As the taxation treatment of your investment will be specific to your circumstances and to the nature of your investment, **you are strongly advised to seek professional tax advice before you invest.**

In general, managed investment schemes do not pay tax on behalf of investors. Australian investors are generally assessed for tax on their share of any income and capital gains generated by the Fund that they are entitled to.

You should read the important information about taxation before making a decision.  Go to the 'Additional Information to the Product Disclosure Statement of the Nikko AM Global Funds' at [www.nikkoam.com.au/pds](http://www.nikkoam.com.au/pds)

The material relating to taxation matters may change between the times that you read this PDS and the day that you invest in the product.


## 8. How to apply

To start your investment simply complete an application for the Fund and submit it to us together with any other documents requested and your initial investment.

To complete an application visit [www.nikkoam.com.au/forms-brochures](http://www.nikkoam.com.au/forms-brochures) or request an application form from Nikko AM Investor Services.

Please ensure you read this PDS together with the 'Additional Information to the Product Disclosure Statement of the Nikko AM Global Funds' available at [www.nikkoam.com.au/pds](http://www.nikkoam.com.au/pds) before submitting your application.

Information about how to complete an application, payment options and other information about making an application is included in the Application Booklet available at [www.nikkoam.com.au/forms-brochures](http://www.nikkoam.com.au/forms-brochures)

Please note, as part of the application process we are required by law to verify your identity before accepting your application. Please refer to the Anti-Money Laundering and Counter Terrorism Financing Act information included in the application and the  'Additional Information to the Product Disclosure Statement of the Nikko AM Global Funds' for further information and complete the applicable **customer identification information**.

We are unable to process incomplete applications. If we do not receive all the information and documents required, your investment amount will be held in a trust account. This account is a non-interest bearing account.

If you have received the PDS electronically you may request a paper copy from Nikko AM Investor Services.

### How to apply through an IDPS

If you are investing through an IDPS, you are not required to complete the application for the Fund. Instead, you should complete the relevant forms and/or follow the instructions provided to you by the IDPS operator.

### Cooling-off period

You have 14 days from either the date you receive confirmation of your investment or the end of the fifth Business Day after we issue units to you (whichever is earlier) to determine if your investment meets your needs. This is called the 'cooling-off' period. During this period you may notify us in writing that you wish to cancel your investment in the Fund. The cooling-off right does not apply to any additional contributions you make to your investment (including those made under any distribution reinvestment or Regular Savings Plan).

The amount paid to you, if you cancel your investment, will be the amount you invested adjusted (up or down) for any movement in the market value of your investment up until the date of cancellation less the allowance for transaction costs and the buy/sell spread included in the purchase and redemption prices. Any fees and costs charged, including any contribution fee but excluding those included in the Fund's unit prices, will be refunded and any commission to your adviser will no longer be payable.

Please note, the cooling-off period does not apply if you are a 'Wholesale Client', as defined in the Corporations Act or if you invest in the Fund indirectly through an IDPS.

### Complaints resolution

We aim to resolve any concerns or complaints quickly and fairly. If you have a concern or a complaint, please call Nikko AM Investor Services on 1800 251 589 or write to us at:

Nikko AM Investor Services, GPO Box 804, Melbourne VIC 3001

If an issue has not been resolved to your satisfaction within 45 days, you can lodge a complaint with the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services complaint resolution that is free to consumers.

Website: [www.afca.org.au](http://www.afca.org.au)

Email: [info@afca.org.au](mailto:info@afca.org.au)

Phone: 1800 931 678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001

If you are investing through an IDPS, any enquiries or complaints should first be directed to the IDPS operator unless your enquiry or complaint relates to the Fund.

## 9. Other information

### Keeping track of your investment

To help you keep track of your investment you will receive the following information:

- confirmation of your investments and withdrawals, usually within five Business Days of your application and withdrawal being processed
- a distribution statement, following each distribution payment
- a tax statement following the end of each financial year. This will assist you in preparing your annual income tax return
- access to up-to-date information about the Fund and the Fund's Annual Report, including the Fund's financial statements, at [www.nikkoam.com.au](http://www.nikkoam.com.au)
- online access to up-to-date information about your investment.

You may request to receive a paper copy of the Fund's Annual Report, free of charge, by calling or emailing Nikko AM Investor Services.


Please note, if you are investing through an IDPS, you will receive reports about your investment from the IDPS operator.

### Fund's constitution

The Fund is governed by a constitution. Together with the Corporations Act, the constitution sets out the rules and procedures under which the Fund operates and our rights, responsibilities and duties as responsible entity, as well as those of investors. A copy of the Fund's constitution can be inspected or provided free of charge upon request.

### Custodian and Administrator

We have appointed BNP Paribas Securities Services (BNP Paribas) as the custodian and administrator to hold the Fund's assets (other than cash, cash equivalents and derivative instruments), maintain records and settle transactions for and on behalf of the responsible entity of the Fund.

 Please refer to the 'Additional Information to the Product Disclosure Statement of the Nikko AM Global Funds' for further details on the role of BNP Paribas.

### Business Day definition

References to Business Day throughout this PDS mean a day, other than a Saturday, Sunday or public holiday on which banks are open for business generally in Sydney, Luxembourg and New York or such other day as prescribed from time to time by us.

### Additional disclosure

If the Fund is a disclosing entity it is subject to regular reporting and continuous disclosure obligations under the Corporations Act.

All continuous disclosure notices are available on our website at [www.nikkoam.com.au/products/continuous-disclosure](http://www.nikkoam.com.au/products/continuous-disclosure). Copies of the following documents can also be obtained free of charge from us upon request:

- the Fund's most recently lodged Annual Report
- any Half-Year Report lodged with ASIC after the lodgement of the latest Annual Report
- a copy of our Unit Pricing Discretions Policy.

Copies of documents lodged with ASIC may be obtained from or inspected at, an ASIC office.