



by **goalsgetter**

GoalsGetter KiwiSaver Scheme

Other Material Information - ESG and Specific Restrictions

Effective from 3 September 2024

Issued by

Nikko Asset Management

New Zealand Limited



ESG and Specific Restrictions

Responsible investing is an important component of decision making in all our funds. Nikko AM NZ believes that good portfolio management requires analysts and portfolio managers to understand the influence of these factors on price and business sustainability, and therefore investors.

Environment, social and governance (ESG) considerations are embedded into all our decision making. In addition, we have defined specific restrictions, which limit investments based on certain criteria or activities.

A restriction does not necessarily mean a complete ban or exclusion.

The table below shows which restrictions apply to the Nikko AM NZ funds available in the GoalsGetter KiwiSaver Scheme. The restrictions are applied to the Nikko AM NZ wholesale funds which the funds invest in.

	ESG restrictions controlled by Nikko	Primary Restriction		Exclusions	Other Restrictions		
		Tobacco	Fossil Fuels	Controversial Weapons	Gambling	Adult Entertainment	Alcohol
Diversified Funds¹							
Nikko AM Conservative Fund	YES	●	◐	●	◐	◐	◐
Nikko AM Balanced Fund	YES	●	◐	●	◐	◐	◐
Nikko AM Growth Fund	YES	●	◐	●	◐	◐	◐
Other Funds							
Nikko AM SRI Equity	YES	●	●	●	●	●	●
Nikko AM Global Shares	YES	●	●	●	●	●	●
Nikko AM ARK Disruptive ² Innovation Fund	NO	○	○	○	○	○	○
Nikko AM Cash Fund	YES	●	●	●	●	●	●
Nikko AM NZ Corporate Bond Fund	YES	●	●	●	●	●	●

●	Restriction in place for 100% of Fund	◐	Restrictions in place but not in all of the underlying funds	○	No specific restriction in place. ESG process is still applied where applicable.
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¹ Restrictions from the underlying funds these Funds invest in will apply.

² This fund is not actively managed by Nikko AM NZ. The underlying manager uses their own ESG framework for investment decisions.

How the specific restrictions apply and how they are monitored for compliance.

Definitions of Restrictions


These restrictions cover areas that are intended to be consistent across all portfolios over which Nikko AM NZ has control. This control is either due to the portfolios being managed by Nikko AM NZ or are mandates that can be amended unilaterally by Nikko AM NZ.

	Primary Restriction		Exclusions	Other Restrictions		
	Tobacco ^{1,2}	Fossil Fuels	Controversial weapons	Gambling	Adult Entertainment	Alcohol
	Companies with > 10% revenue from tobacco-related business activities	Companies with >10% revenue from the extraction of thermal coal and/or tar sands oil.	Companies directly involved in the development and production (manufacture), sale or distribution of cluster munitions; anti-personnel mines; and biological, chemical or nuclear weapons.	Companies with > 10% revenue from gambling-related business activities	Companies with > 10% revenue from adult entertainment related business activities	Companies with > 10% revenue from alcohol related business activities
Nikko AM Wholesale NZ Cash Fund [^]	✓	✓	✓	✓	✓	✓
Nikko AM Wholesale NZ Bond Fund [^]	✓	✓	✓	✓	✓	✓
Nikko AM Wholesale NZ Corporate Bond Fund [^]	✓	✓	✓	✓	✓	✓
Nikko AM Wholesale SRI Equity Fund	✓	✓	✓	✓	✓	✓
Nikko AM Wholesale Core Equity Fund [^]	✓	✓	✓			
Nikko AM Wholesale Concentrated Equity Fund [^]	✓	✓	✓			
Nikko AM Wholesale Property Fund [^]	✓	✓	✓			
Nikko AM Wholesale Global Shares - Unhedged and Hedged Funds	Investment prohibited in tobacco manufactures, defined as those included in GICS code 30203010	✓	✓	✓	✓	✓
Nikko AM Wholesale Global Equity Multi-Manager Unhedged and Hedged Funds [^]	Investment prohibited in tobacco manufactures, defined as those included in GICS code 30203010		Investment prohibited in any security that conducts activities listed on the Schedule to the Cluster Munitions Prohibition Act 2009.			
Nikko AM Wholesale Global Bond Fund [^]	The Manager is not permitted to purchase investments in tobacco manufacturers. Tobacco manufacturers will be identified based on information provided by third party data vendors appointed by the Manager.	✓	The Manager is not permitted to purchase investments for the Portfolio of any entity listed by their appointed third-party research provider as being involved in 'controversial weapons'			
Nikko AM Wholesale ARK Disruptive Innovation Fund						

[^]Funds which the Growth, Balanced and Conservative Funds invest in.

¹ For domestic sectors, the universe of stocks and securities available for investment does not currently include any companies that fall within the tobacco sub-industry definition. Accordingly, Nikko AM NZ has determined that tobacco exposure will instead be measured by the level of income that can be directly attributed to tobacco products, and that any company with income from tobacco products exceeding 10% of gross revenues will be excluded.

² For global sectors, this exclusion is determined based on, whether a company is classified in the sub-industry "Tobacco". These industry classifications are determined by major global index providers and are internationally recognized, every company is assigned to a sub-industry by its principal business activity.

 This fund is not actively managed by Nikko AM NZ. The underlying Manager uses their own ESG framework, definitions, and processes for investment decisions.

How restrictions are applied

For the domestic sectors which are managed internally by Nikko AM NZ, restrictions are monitored directly by the portfolio managers and analysts. Publicly available data may be limited and, in some instances, companies are not required to disclose information. For domestic sectors, portfolio managers engage directly on a periodic basis to get additional information. Restriction monitoring is then updated on an ongoing basis as new information becomes available.

The Nikko AM Global Shares Fund is managed by a related party manager, and the Global Bond Fund and Global Equity Multi-Manager Funds by an external manager. Restrictions, which may result in specific exclusions, are monitored using 3rd party vendors appointed by the managers of these funds. These vendors may change from time to time. Due to the timing and availability of data, it may not always be possible to identify in a timely fashion which company/companies should be included in this exclusion list, and that based on different sources of data, different vendors could provide different exclusion lists at any point in time. It is not considered a breach of mandate or Scheme SIPO if the vendor engaged in monitoring this restriction reaches a different conclusion on any particular company to another vendor, and it is acknowledged that differences in research opinion will occur from time to time.

The restrictions and monitoring of activity does not apply to:

- Securities issued by governments who may be involved in and/or have revenue sources from the industries described below. However, Nikko AM NZ has internal controls reasonably designed to ensure compliance with applicable economic sanctions and trade embargo regulations. Nikko AM NZ periodically confirms with its Delegated Managers their compliance arrangements to manage applicable sanctions obligations
- Second order factors refer to activities undertaken by companies which are not considered part of their primary business activity for example, if we held shares in a company that owns buildings and their tenants sell alcohol and tobacco products; or if we held shares in a freight company whose clients require them to transport restricted items, these would not be included in the assessment of restrictions of our funds

Restriction Monitoring

Revenue thresholds will be reviewed periodically for relevant mandate compliance based on available information. The review will occur no less than annually. Where information cannot be obtained, the manager will determine the suitability of the investment in the context of the mandate guidelines. In addition, if we become aware of a company's position changing between assessments and the manager has exposure to that company, required sales will be made in a reasonable period of time (typically within 1 month).

Such exposure shall also not be considered a breach of this SIPO.

Nikko AM NZ will not be deemed in breach of any obligation in regard to these restrictions and shall incur no liability for losses resulting from the acts or omissions of any third-party monitoring vendor. Omissions include but are not limited to new issues or new issuers to which vendors would not yet have data mapped at a security level. The Manager will make reasonable efforts to map vendor data to new issues, but there may be instances in which vendors ultimately map their data in a manner that would result in a breach. Such an event will not be deemed a violation and the Manager will bring the portfolio into compliance similar to other instances that would be considered a passive breach. While gathering their data, vendors may assume certain value judgements (e.g., regarding the adequacy of a company's program for addressing a specific issue). The Manager does not verify those judgements, nor quantify their impact upon our analysis. These specific third-party monitoring vendors, categories, and/or thresholds may be amended or altered over time.