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## Additional Information to the Product Disclosure Statement

# NIKKO AM AUSTRALIAN SHARE FUNDS

Issued 29 November 2018

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### Important notice

This additional information forms part of the Product Disclosure Statement (PDS) issued by Nikko Asset Management Australia Limited ABN 34 002 542 038, AFSL 229664 (referred to as **Nikko AM Australia, we, us or our** throughout this document) for each of the funds listed in this document (collectively referred to as the **Nikko AM Australian Share Funds** or the **Funds**).

You should read this information together with the most recent PDS available on our website at [www.nikkoam.com.au/pds](http://www.nikkoam.com.au/pds) before making a decision to invest in a Fund.

This additional information 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.

### 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)

### Funds

- Nikko AM Australian Share Concentrated Fund  
ARSN 143 598 556
- Nikko AM Australian Share Income Fund  
ARSN 133 980 819
- Nikko AM Australian Share Wholesale Fund  
ARSN 090 089 562

## Adding to your investment

Additional investments can be made by:

- Cheque marked not negotiable and payable to 'Nikko Asset Management Australia Limited'.
- Direct debit from your nominated account. Please complete the **direct debit request** included in the Application Booklet or **additional investment form** available at [www.nikkoam.com.au/forms-brochures](http://www.nikkoam.com.au/forms-brochures) or on request from Nikko AM Investor Services.
- Electronic Funds Transfer (EFT). Please contact Nikko AM Investor Services for account details and instructions for making an investment by EFT and confirming that a deposit has been made to the account.
- BPAY®. Please quote your reference number and the biller code corresponding to the Fund you are investing in as follows:

Reference number	Your nine digit investor number
Fund	Biller code
Nikko AM Australian Share Concentrated Fund	189969
Nikko AM Australian Share Income Fund	189951
Nikko AM Australian Share Wholesale Fund	189936

Investments made by BPAY® will be processed once we receive your money. Please note that, although your BPAY® transaction is processed from your financial institution account immediately, your funds may take some time to be transferred to us from your financial institution. Typically, if your BPAY® request is made before your financial institution's cut-off time (usually 5pm Sydney time), we will receive your funds the following Business Day.

BPAY® is registered to BPAY Pty Ltd ABN 69 079 137 518.

Additional investments are made on the basis of the applicable Fund's PDS current at the time the investment is received. Please ensure you have read the current PDS for the Fund you are investing in, before making an additional investment. The latest PDSs are available at [www.nikkoam.com.au/pds](http://www.nikkoam.com.au/pds) or on request from Nikko AM Investor Services.

### Regular Savings Plan

The Regular Savings Plan allows you to add to your investment in any of the Nikko AM Australian Share Funds listed in this document on a regular monthly basis. The minimum investment is \$250 per month.

To start a Regular Savings Plan please complete a **direct debit request** included in the **application 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 start a Regular Savings Plan received before the 5th Business Day of a month, will be set up ready for direct debits from your nominated financial institution account to commence that month, otherwise direct debits will commence the following month.

Money is debited from your nominated Australian bank, building society or credit union account on or around calendar day 15 of each month. If day 15 is not a Business Day, the deduction will be made on the first Business Day after day 15. You must be the owner or co-owner of the account from which amounts are to be debited.

Please note, you may be charged a direct debit failure fee if you have insufficient amounts in your nominated financial institution account at the time a direct debit is processed. This fee is charged by the financial institution. Please contact your financial institution for further details. We will notify you in the event your direct debit is unsuccessful and may cancel your Regular Savings Plan.

Units in the applicable Fund are issued to you on the day the money is deducted from your account, at the purchase price applicable for that date. Consequently if your direct debit was rejected, units applied to your account will be reversed and removed from your account. Investments are made on the basis of the applicable Fund's PDS current at the date of each investment. The latest PDSs are available at [www.nikkoam.com.au/pds](http://www.nikkoam.com.au/pds) or on request from Nikko AM Investor Services.

You can suspend, cancel or vary your Regular Savings Plan at any time by giving written notice to Nikko AM Investor Services. We require at least five business days' notice prior to calendar day 15 of the month for the change to be effective in that month. Your Regular Savings Plan may be automatically cancelled if:

- you request your Regular Savings Plan to be suspended but don't provide a date for your regular investments to restart, or
- you fully withdraw your investment in the relevant Fund(s) and do not specifically make a request for your Regular Savings Plan to continue, or
- the direct debit fails (including for reasons such as insufficient funds or incorrect account details provided).

We reserve the right to suspend, terminate or make changes to the Regular Savings Plan at any time.

## Withdrawing from your investment

You can request a withdrawal from your investment by submitting your completed **redemption request form** to us by mail, fax or scan to email. The minimum withdrawal is \$1,000 per Fund.

Requests to withdraw must be signed by you or your nominated authorised signatory(ies).

Requests to withdraw received by fax are subject to the terms and conditions set out in the 'Other information' section on page 5. If we receive a withdrawal request from you by fax, it will be taken that you agree to these terms and conditions.

Withdrawal proceeds will be paid in Australian dollars.

Please note, to protect investors from possible fraud, payments will not be made to third parties or financial institution accounts not nominated by you and identified in accordance with legislative requirements.

### Minimum balance

If you request a withdrawal that will result in your remaining balance in a Fund falling below the minimum investment balance we may withdraw your entire balance in that Fund and forward the proceeds to you, less any applicable fees.

We may also, at our discretion and as permitted under the relevant constitution, automatically withdraw your balance in a Fund and return the proceeds to you if your balance is below the required minimum balance.

Where required under the constitution, we will give you 30 days' advance notice of our intention to automatically withdraw your units in a Fund.

## Transfer of units

You can request a transfer of your units in a Fund to a third party by completing a **transfer form** and sending it to Nikko AM Investor Services together with an **application form** and **customer identification form** completed and signed by the party to whom the units are being transferred (if not already an investor in the applicable Fund). **Transfer 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. We reserve the right to refuse a request to transfer units.

## Restrictions on withdrawals

Please refer to the constitution of the relevant Fund (which can be obtained free of charge) for further details relating to suspension or delaying of withdrawals.

## Fees and costs

### Management cost

The total management costs for each Fund comprise a management fee payable to us as responsible entity, an allowance for administration costs and expenses and an estimate of indirect costs, expressed as a percentage of the net asset value of the relevant Fund.

Indirect costs can include amounts that may reduce the return that is paid from the income or assets of the Fund, or an interposed vehicle, that is not charged to each unitholder as a fee. This means that indirect costs for each Fund may include transactional and operational costs of any interposed vehicle that is used to gain exposure to the assets in accordance with each Fund's investment strategy.

## Product access payments

Where permitted by law, we may make product access payments to permit a Fund or Funds to be offered through an Investor Directed Portfolio Service, Investor Directed Portfolio Service-like scheme or a nominee or custody service (collectively referred to as an **IDPS**).

We may also make ongoing payments, calculated as a percentage of the annual management cost to an IDPS operator. These are known as rebates if passed on to investors or commissions if retained by the IDPS operator. These payments are generally paid by us and are not an additional cost to you.

## Alternative forms of remuneration

We may from time-to-time provide advisers and distributors of the Fund with alternative forms of remuneration to the extent that the law permits us to provide these. Remuneration may include for example non-monetary benefits (such as professional development and conferences).

Any amounts and benefits are paid by us and are not an additional cost to you.

## Government charges

The fees specified in the PDS of each Fund and this document include the net effect of GST and the benefits of RITC, where applicable, unless otherwise specified. If the GST and/or RITC rates change, each of the Funds' constitutions allows us to recoup any extra amount out of the Fund(s).

The table below outlines the total management cost (including estimated indirect costs) for each Fund.

Fund	Management fee (% p.a.)*	Administration costs & expenses (% p.a.)*	Estimated indirect costs / indirect cost ratio (% p.a.)*		Total management cost (% p.a.)*
			Estimated performance related fees	Estimated other indirect costs	
Nikko AM Australian Share Concentrated Fund	0.90%	0.10%	N/A	Nil	1.00%
Nikko AM Australian Share Income Fund	0.73%	0.12%	N/A	Nil	0.85%
Nikko AM Australian Share Wholesale Fund	0.75%	0.05%	N/A	Nil	0.80%

\* Inclusive of Goods and Services Tax (GST) less any reduced input tax credits (RITC) where applicable. If the GST and/or RITC rates change, the Funds' constitutions permit us to recover any additional amount from the assets of the relevant Fund.

## Maximum fees

Each Fund’s constitution allows us to charge higher fees as outlined in the table below. We will give you 30 days’ advance notice of any increase in the fees actually charged or our intention to be reimbursed, including expenses incurred in the administration and management of the Fund.

Fund	Maximum contribution fee (%)	Maximum withdrawal fee (%)	Maximum management fee (% p.a.) <sup>1</sup>	Maximum switching fee
Nikko AM Australian Share Concentrated Fund	3.00%	3.00%	3.00% <sup>3</sup>	\$50 <sup>2</sup>
Nikko AM Australian Share Income Fund	5.00%	4.00%	3.00%	\$50 <sup>2</sup>
Nikko AM Australian Share Wholesale Fund	N/A	N/A	0.75%	N/A

1. Calculated on the net asset value of the applicable Fund (except for Nikko AM Australian Share Concentrated Fund) and is exclusive of GST.
2. Fee may be indexed in line with changes in the Consumer Price Index from the date of commencement of the Fund.
3. Calculated on the value of the assets of the Fund.

## Related party transactions and conflicts of interest

The Funds may invest in other funds of which we, or a related entity, are trustee, responsible entity or manager (related funds).

There is no limit on the level of investment in related funds. Subject to the constitution of each Fund, we may appoint any of our related entities to provide services or perform functions in relation to the Funds, including acting as our delegate. A related entity is entitled to earn fees or other benefits in relation to any such appointment and to retain them for its own account.

These fees will be paid by Nikko AM Australia and will not be an additional cost to you.

In the course of managing each Fund, we may face conflicts in respect of our duties in relation to the Funds, related funds and our own interests. We will resolve any such conflict fairly and reasonably, and in accordance with the law, ASIC policy and our own policies.

## How managed investment schemes are taxed

The following Australian taxation information is of a general nature only and does not take into account the specific circumstances of any investor. **You are strongly advised to seek professional tax advice before you invest in a Fund.** It should not be relied upon as a complete statement of all relevant Australian tax laws.

The Australian Government passed tax legislation in May 2016 applicable to eligible managed investment schemes called the AMIT regime. The AMIT regime was established by the Australian Government to provide eligible managed investment schemes with an exclusive set of tax rules to replace the existing tax rules if the responsible entity of the Fund elects for this regime to apply to the Fund. Where a managed investment scheme meets the eligibility criteria and Nikko AM Australia makes an election to apply the AMIT rules, the Funds will become Attribution Managed Investment Trusts (AMITs).

Nikko AM Australia elected into the AMIT regime, on behalf of the eligible Funds from 1 July 2017. Details of the AMIT status of each Fund is available at [www.nikkoam.com.au/AMIT](http://www.nikkoam.com.au/AMIT)

If the Fund is an AMIT, the following applies:

- Income, as determined by the Fund, will be ‘attributed’ to investors on a ‘fair and reasonable basis’. This income attribution will be advised to investors in an Attribution MIT Member Annual Statement (referred to as an AMMA statement). This will be provided to investors within three months of the end of the income year;
- The Fund can attribute an amount of income to investors that is greater than the cash paid which results in an increase in the cost base of an investor’s holding by the amount attributed in excess of cash;
- Where the amount of income estimated for the Fund at year end is different to the amount calculated, the difference (called ‘unders’ or ‘overs’) can be carried forward and adjusted in the year in which the difference is discovered; and
- It provides certainty as to the tax status of the Fund and its entitlement to certain tax concessions, including a deemed ‘fixed trust’ status for tax purposes.

If the Fund is not an AMIT, net income and realised net capital gains generated by the fund will typically be fully distributed to investors based on their proportionate share of the income to which they are ‘presently entitled’. Investors are in turn assessed for tax on their share of the distribution based on their individual circumstances. An annual tax statement detailing relevant taxation information for the income year will be provided to investors within three months of the end of the income year.

## Privacy and other important information

### Privacy

Personal information you provide is used by us and our delegates, to administer your investment, make distribution payments and to provide investor communications required or permitted by the Corporations Act or other legislation. We may also from time-to-time send you other material, including marketing material, unless you request otherwise. We may disclose your personal information to third parties such as related entities, your adviser (if nominated), other service providers such as printers and mail houses, and government departments.

Your privacy is important to us and we have rules and procedures in place that cover the collection, use and disclosure of personal information we hold about investors. These rules and procedures are set out in the Nikko AM Australia Privacy Policy, available at [www.nikkoam.com.au/privacy-policy](http://www.nikkoam.com.au/privacy-policy) or free of charge on request from Nikko AM Investor Services.

When you complete the **application form** you acknowledge the statements and disclosures made in our Privacy Policy and consent to us using and disclosing your personal information as outlined in our Privacy Policy and this document.

You can request details of your personal information held by us by contacting Nikko AM Investor Services. Please also contact Nikko AM Investor Services to notify us if your information is incorrect or requires updating.

### **Verifying your identity – Anti-Money Laundering and Customer Identification Requirements**

Australia's Anti-Money Laundering and Counter Terrorism Financing (AML/CTF) legislation requires us to collect identification information and documentation from our investors.

If you are investing with us for the first time you must complete the applicable **customer identification forms** and provide suitable identification documents to us to correctly establish your identity such as original certified copies of document(s) (not facsimiled or scanned copies). We may also need to verify the identity of related parties and beneficial owners. If you have an adviser, he or she may be able to assist you with this process.

Copies of the **customer identification forms** are available at [www.nikkoam.com.au/forms-brochures](http://www.nikkoam.com.au/forms-brochures) or on request from your adviser or Nikko AM Investor Services.

We will be unable to process your application without a completed **customer identification form** and adequate identification documentation.

### **Foreign Account Tax Compliance Act (FATCA)**

FATCA is a US tax law that impacts investors within our Funds who are citizens or residents of the US for tax purposes. New investors will be required to provide their US Tax Identification Number (TIN), or confirm that they are not a US person for FATCA purposes.

This declaration is included within the **customer identification forms** for each investor type. Copies of the **customer identification forms** are available at [www.nikkoam.com.au/forms-brochures](http://www.nikkoam.com.au/forms-brochures) or on request from your adviser or Nikko AM Investor Services.

We may also be required to request this information from existing investors. The Australian government has entered into arrangements with the US government to implement FATCA. As a result, information about you, your investments and tax status may be provided to the Australian Taxation Office (ATO) who may also report this information to overseas tax authorities, including the United States Internal Revenue Service (IRS).

### **Common Reporting Standard (CRS)**

CRS provides a global standard for the collection of financial account information by financial institutions on account holders who are foreign tax residents, the reporting of that information to the local tax authorities, and the exchange of that information with the foreign residents' home tax authorities. CRS came into effect from 1 July 2017 in Australia.

If you are a new investor in the Fund, we will require you to declare certain details about your tax residency status prior to processing your application. For existing investors in the Fund, we may request details about your tax residency status at a later date. Some investors may be exempt from this requirement.

Under CRS, we will be required to report details about your investments and tax residency status to the ATO. If you are a tax resident in another country, the ATO may exchange details about your investments with that foreign country's relevant tax authority.

## **Other information**

### **Fax terms and conditions**

A person without your authority could send us a fax pretending to be you and withdraw monies from your account for their own benefit. If you use a fax, you agree that Nikko AM Australia, NAML, or any member of the Nikko AM Group is not responsible to you for any fraudulently completed communications and that we will not compensate you for any losses. In the event that such a fraud takes place, you agree to release and indemnify Nikko AM Australia, NAML, or any member of the Nikko AM Group against any liabilities whatsoever arising from acting on any fraudulent communication received by fax in respect of your investment. We will only act on completed communications. In the case of a fax, a transmission certificate from your fax machine is not sufficient evidence that your fax was received. We will not be liable for any loss or delay resulting from the non-receipt of any transmission.

These terms and conditions are in addition to any other requirements that may form part of you giving your instructions relating to the completion of a particular authority. By sending us a withdrawal request by fax, you signify your acceptance of these conditions. We may cancel or vary the terms of the fax services by giving 14 days' written notice to you.

### **Custodian and administrator**

BNP Paribas Securities Services (BNP Paribas), the appointed custodian and administrator of the Funds, holds the Funds' assets (other than cash and cash equivalents) as bare trustee. It maintains records and settles transactions for and on behalf of the responsible entity of each Fund.

Cash accounts are held by BNP Paribas Nominees Pty Limited ABN 54 084 150 023 as nominee on behalf of the responsible entity. BNP Paribas is a foreign authorised deposit taking institution and the provisions in the Banking Act 1959 for the protection of depositors do not apply to BNP Paribas. This means that deposits held with BNP Paribas are not protected by the financial claims scheme and are not guaranteed by the Australian Government. Deposits do not receive priority ahead of amounts owed to other creditors. This means that if BNP Paribas was unable to meet its obligations or suspend payment, its depositors in Australia would not receive priority for repayment of their deposits from BNP Paribas' assets in Australia.

Certain cash equivalent assets will not be held by BNP Paribas. Instead these assets will be held by the responsible entity.

BNP Paribas consents to be named as the custodian and administrator of the Fund in the PDS in the form and context in which it is included, on the basis that it has not independently verified the information contained in the PDS, has not been involved in the preparation of the PDS, nor has it caused or otherwise authorised the issue of the PDS. Neither BNP Paribas nor its employees or officers accept any responsibility or liability arising in any way for errors or omissions in the PDS. BNP Paribas does not guarantee the success of the performance of any of the Funds nor the repayment of capital or any particular rate of capital or income return.

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