

Nikko AM Freedom Fund

Factsheet 30 September 2024

About Freedom Fund

We are playing our part in creating change. That's why we launched the Nikko AM Freedom Fund. It gives investors the opportunity to do more with their money by investing in a fund that donates all the returns and fees to the charitable organisation - Tearfund.

About Tearfund

Tearfund partners with organisations to fight the modern slavery and human trafficking battle on many fronts, aiming to protect, educate and empower the most vulnerable. This is all done while catching and prosecuting criminals and working with governments to make it more difficult for trafficking rings to exist.

These aims align with the 5 Ps approach, based on the International Framework for Action to Implement the Trafficking in Persons Protocol (UNDOC, 2009):

Prevention, Prosecution, Protection, Policy and Partnership.

To get an idea of what Tearfund endeavours to resolve, here are some key facts highlighting the ubiquity of modern-day slavery today:

- **27.6 million people in forced labour exploitation**, which is more than the entire population of Australia.
- **6.3 million people trapped in forced commercial sex**, which is more than the entire population of New Zealand.
- **22 million people in forced marriages**, where one/or both parties have not personally expressed their full, free and informed consent to the union. A child marriage is a form of a forced marriage.
- **Asia Pacific** accounts for **55%** (15.1 million people) and **41%** of global rates of **exploitation and child labour respectively**.

How this fund works

The return on your investment will be paid directly to Tearfund (the charity) for use in its work to combat human trafficking and modern slavery. The unit price can never exceed \$1.00. However, if the unit price falls below \$1.00, then any investment gains will be used to bring the unit price back to \$1.00 before donations to the charity recommence. The fund makes a monthly distribution payment to the charity. Investors do not receive any financial returns but are able to access their capital when required.

Performance

	3 Mths	1 Yr	2 Yrs (pa)
Freedom Fund	3.00%	9.04%	3.57%

Fund Commentary

Over the quarter interest rates meaningfully fell, primarily driven by the RBNZ pivoting to easing in August and the Fed opening its easing cycle with an aggressive 50bps cut in September. Further contributing to these falls were a set of weak economic data showing declining inflation and inflation expectations along with ongoing weak growth and labour market statistics. Whilst over the prior quarter duration was a strong driver of performance, as we move forward we expect smaller gains from this factor. Pleasingly as the RBNZ delivers on its expected easing program, we expect the return of a normal upward sloping yield curve which will provide the fund with opportunity to execute a carry and roll strategy which should positively contribute to future returns.

As of September month-end some 89bps of cuts are priced for 2024, whilst a sub 3% OCR is priced one year ahead. Whilst we thoroughly agree that the OCR is coming down, we are cautious and see potential for the market to be disappointed with the pace at which cuts are delivered. In light of this whilst we continue to expect to hold a long duration position, we see risk mitigating value in holding sub 3-month positions and floating notes.

Portfolio Manager

Stuart Williams is

Managing Director of Nikko AM New Zealand, he joined in 2014. He has over 20 years' experience across all aspects of investment management. Stuart has extensive experience in conducting detailed research and developing investment recommendations on listed companies in both New Zealand and Australia. He holds a Bachelor of Commerce degree from the University of Auckland and is a Chartered Accountant.



Overview

The purpose of this Fund is to utilise capital to generate returns to help support a charity. This fund gains its investment exposure by investing in NZ cash, fixed interest and Australasian equities via other Nikko AM Funds.

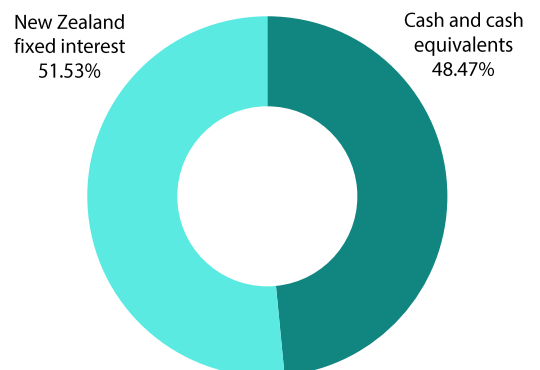
Objective

The fund aims to provide a regular income to the charity from an actively managed investment portfolio and to maintain the value of investor's capital and to outperform the RBNZ Official Cash Rate by +1.50% p.a.

Donations (for the 12 months ended 31 March)

2023	\$2,155
2024	\$31,374
2025 (Ytd)	\$8,117

Asset Allocation



Achievements in the year of 2023 (July22-June23)

Fiji - In Fiji, where sexual exploitation, human trafficking, and sexual abuse of children continue to be major issues, Homes of Hope is fighting these gross injustices on multiple levels. They are empowering communities to expose the false promises of trafficking rings, so people are more willing to speak up about sexual abuse. They are strengthening referral systems and working with government agencies to improve safeguards and curtail trafficking. And they are walking alongside brave survivors by providing holistic, trauma-informed care.

- 4,317 People benefitted from community interventions.
- 24 Survivors reintegrated to their place of safety.
- 102 Survivors and vulnerable girls received holistic training.
- 8 Key engagements with government agencies: Police, Immigration, and defence.

Thailand - With the full reopening of its borders in 2022, Thailand experienced an influx of tourism and an increase in human trafficking. LIFT International continues to work alongside authorities to stop perpetrators, seek justice for survivors, and provide holistic, trauma-informed care to the people who need it most. This dedicated team has consistently focused on key relationships and building trust. After more than a decade of working and serving communities, LIFT has great influence and is respected by police, government agencies, and the families they support.

- 149 Survivors removed from harm, more than twice the annual goal.
- 49 Survivors received legal assistance.
- 9 Offenders convicted.
- More than \$110,000 NZD is compensation awarded to survivors.

Nepal - Deep in the beautiful hills of the Nuwakot District, human traffickers go to great lengths to lure people with promises of better paying jobs just over the border in India and beyond. These trafficking rings have even infiltrated local decision-making by influencing elections. Share and Care Nepal works with local communities to directly combat human trafficking through a mix of education, Women Action Groups, and farmer training.

- 3,000+ people empowered through awareness-raising events on early childhood marriage, human trafficking, and unsafe migration.
- \$16,100 NZD has been saved by 10 Women Action Groups so that members can borrow to create micro-businesses.
- 203 Vulnerable students supported through motivation and counselling sessions.

Solomon Islands - It's been two years since Hope Trust began its work raising awareness, combatting cultural stigma, and supporting survivors in the Guadalcanal region of the Solomon Islands. These passionate people have a deep commitment to their communities, and to eradicating sexual exploitation and the abuse of children.

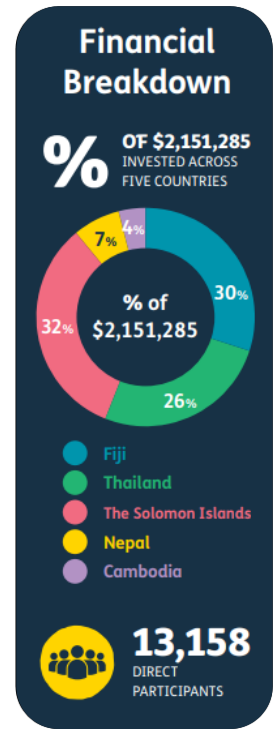
- 1,672 people benefitted from community interventions.
- 8 Communities committed to working with Hope Trust.
- 4 Survivors of sexual abuse are being supported.

Tearfund advise that the human impact is furthermore felt through the reflections of survivors, who have been assisted to live a life free from exploitation. One of these reflections have been provided via a testimonial below.

How one Women Action Group changed Hira Maya's life

"I am very thankful... for the support and encouragement [I received] to rear buffalo for the first time. Besides, I am now aware and empowered. I can raise my voice and help take collective actions to combat human trafficking, unsafe migration, early child marriage, and social evils in our communities". Hira Maya, Nepal

As a wife and mother of four young children, Hira Maya longed to support her small, struggling family. There were few opportunities in her village, so in her desperation she considered borrowing money (at a high interest rate) to find work in the capital city– not knowing that she would most likely be trafficked. Then she heard about Share and Care's work and joined a local Women Action Group.



Key Fund Facts

Distributions:

The Fund distributes to the charity each month in the form of a donation.

The donation comprises two parts:

1. The management fee charged to the fund will be paid to the charity in full each month.
2. Investment returns above the invested capital will be paid to the charity monthly, with a final wash-up payment made at the year-end or shortly after, so all eligible investment returns will be fully paid to the charity each year.

No distributions are expected to be made to investors.

Estimated annual fund charges (incl GST)

Retail: 0.30%, refer PDS for more details.

100% of this fee will be donated by the Manager to the charity. No other fees are charged.

Buy / Sell spread	0.00% / 0.00%
Strategy Launch:	September 2021

Compliance

The wholesale fund complied with its investment mandate and trust deed.

Contact Us

www.nikkoam.co.nz | nzenquiries@nikkoam.com

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