

# ANNUAL REPORT

For the financial year ended 30 June 2017

## Nikko AM Shenton Global Property Securities Fund

**MANAGERS**

Nikko Asset Management Asia Limited  
12 Marina View, #18-02 Asia Square Tower 2  
Singapore 018961  
Company Registration No. 198202562H

**DIRECTORS**

Lim Say Boon  
Lim Soon Chong  
Junichi Sayato  
Seet Oon Hui Eleanor  
David Jonathan Semaya  
Yu-Ming Wang

**TRUSTEE & REGISTRAR**

BNP Paribas Trust Services Singapore Limited  
20 Collyer Quay, #01-01  
Singapore 049319

**AUDITORS**

PricewaterhouseCoopers LLP  
8 Cross Street, #17-00 PWC Building  
Singapore 048424

**CUSTODIAN**

BNP Paribas Securities Services, operating through its Singapore branch  
20 Collyer Quay, #01-01  
Singapore 049319

This report is also available on our website ([www.nikkoam.com.sg](http://www.nikkoam.com.sg))

## PERFORMANCE SUMMARY

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Benchmark <sup>1</sup>	0.19	-1.70	-0.11	8.27	10.13	9.31	10.32
Nikko AM Shenton Global Property Securities Fund (S\$) <sup>2</sup>	1.96	-0.07	2.33	6.52	7.84	0.21	3.03

Source: © 2017 Morningstar. All Rights Reserved. & Nikko Asset Management Asia Limited, returns as at 30 June 2017. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for periods in excess of 1 year are annualised. Past performance is not indicative of future performance.

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Benchmark <sup>1</sup>	0.19	-1.70	-0.11	8.27	10.13	9.31	10.32
Nikko AM Shenton Global Property Securities Fund (S\$) <sup>2</sup>	-3.14	-5.06	-2.79	4.72	6.74	-0.30	2.59

Source: © 2017 Morningstar. All Rights Reserved. & Nikko Asset Management Asia Limited, returns as at 30 June 2017. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Benchmark <sup>1</sup>	1.67	3.14	-2.35	4.74	8.31	10.47	12.01
Nikko AM Shenton Global Property Securities Fund (US\$) <sup>2</sup>	3.56	5.10	0.19	3.13	6.10	1.28	4.56

Source: © 2017 Morningstar. All Rights Reserved. & Nikko Asset Management Asia Limited, returns as at 30 June 2017. Returns are calculated on a NAV-NAV basis, USD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for periods in excess of 1 year are annualised. Past performance is not indicative of future performance.

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Benchmark <sup>1</sup>	1.67	3.14	-2.35	4.74	8.31	10.47	12.01
Nikko AM Shenton Global Property Securities Fund (US\$) <sup>2</sup>	-1.62	-0.16	-4.82	1.38	5.02	0.76	4.12

Source: © 2017 Morningstar. All Rights Reserved. & Nikko Asset Management Asia Limited, returns as at 30 June 2017. Returns are calculated on a NAV-NAV basis, USD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

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## **Inception Date: 11 April 2005**

### **Note:**

- (1) Benchmark was changed to S&P Global REIT Net Total Return Index with effect from 1 April 2015. Prior to 1 April 2015, the benchmark was UBS Global Real Estate Investors Total Return Index. Prior to 1 March 2010, the benchmark was Yield Component of UBS Global Real Estate Investor Index. Prior to 1 April 2006, the benchmark was UBS Global Real Estate Investor Index.
- (2) With effect from 17 October 2011, the Fund (formerly known as "DBS Global Property Securities Fund") has been renamed as Nikko AM Shenton Global Property Securities Fund.

The following changes were made to the Fund with effect from 24 August 2015:

- a. the sub-manager of the Fund was changed from CenterSquare Investment Management, Inc ("CSIM") to Adelante Capital Management LLC ("ACM");
- b. the base currency of the Fund was changed from the Singapore dollar ("SGD") to United States dollar ("USD")

With effect from 30 September 2016, the Fund had ceased to accept new or further subscriptions for units of the fund (including Regular Savings Plan subscriptions and requests for exchanges for or conversions into units of the fund) using CPF monies.

## **Portfolio Review**

### ***Fund returned 2.33%, outperforming the reference benchmark***

The Nikko AM Shenton Global Property Securities Fund (the "Fund") returned 2.33% (in SGD terms, on NAV-NAV basis) over the 12-month period ended 30 June 2017, outperforming the benchmark S&P Global REIT Net Total Return Index which returned -0.11% (in SGD terms) over the same period.

Security selection in the US was the primary factor in the relative outperformance for the period. The Fund benefitted from a number of out of benchmark holdings within the real estate technology and hotel sectors. Data center and cell tower companies have benefitted from favourable secular growth trends in their respective niche sectors with portfolio holdings Interxion, American Tower and Equinix delivering strong total returns during the period. Marriott International and Hilton Worldwide Holdings, which are both C corporations and not REITs, both delivered favourable returns during the period, as did Hilton Grand Vacations, which was spun out from Hilton Worldwide in early 2017. The continued growth in e-commerce sales has been a continuing tailwind for the industrial property sector with DCT Industrial Trust and Prologis being major contributors to the Fund's performance in the period. Two property sectors that lagged in total return over the period were the retail and self-storage sectors. Retail property stocks have been weak over the past year due to increasing investor concerns over the impact of e-commerce on 'bricks and mortar' retail. With e-commerce getting an increasing share of retail sales, it has affected the financial health of retailers without an omni-channel strategy and increased the level of store closures for some retailers. Within the retail sector, the Fund's performance was negatively impacted by its holdings in Simon Property Group, Regency Centers and Kimco Realty. Extra Space Storage and Public Storage were detractors during the period. Increasing concerns over the level of new supply in certain markets and deceleration in rental growth within the self-storage sector over the past year has put downward pressure on share prices.

Security selection in Japan was also a major factor in the Fund's relative outperformance in the period. The Fund benefitted from its out of benchmark weighting in favour of the Japanese developers such as Mitsui Fudosan and Mitsubishi Estate Co. versus the JREITs, which comprise 100% of Japan's weighting in the Index. The Fund's preference for the Japanese developers over the JREITs remains driven both by the difference in relative value between the two and by the inherent conflicts of interest

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with JREITs as a result of their structure as externally managed companies. JREITs have experienced selling pressure of late as a result of Japanese fund outflows away from the JREITs. Despite the recent underperformance, JREITs continue to trade at overall premiums to NAV, while the Japanese developers are still trading at discounts. The Fund also benefitted during the period from its large overweight exposure to Hong Kong which was the strongest performing country in the region for the period. Sun Hung Kai Properties contributed largely to the relative performance. On the other hand, the Fund's relative outperformance in Japan and Hong Kong was partially offset by relative under performance in Australia and Singapore. In Australia, the Fund's holdings in two shopping center REITs, Westfield Corp. and Scentre Group proved not to be immune from the global weakness in retail oriented real estate stocks as a result of the growth in ecommerce retail sales. The Fund's underweight exposure to Singapore during the period was also a partial offsetting factor to the outperformance in the period. A relatively benign interest rate environment, some policy support to the residential market and M&A activity enabled Singapore REITs to perform better than expected despite a relatively sluggish economic environment and weak property fundamentals.

Lastly, stock selection in Germany and the UK was the most significant contributor to the Fund's outperformance during the period. While the UK outperformed Continental Europe within the Index on a local currency basis during the period, a weaker Sterling since the surprise BREXIT referendum vote last June has resulted in Continental Europe outperforming the UK on a USD basis. Notwithstanding that, SEGRO Plc and Safestore Holdings stood out in the UK in contributing to the Fund's overall outperformance. SEGRO benefitted from the global trend of the growth in ecommerce providing a tailwind for logistics demand, while Safestore continues to experience improving operations within the niche self-storage sector. The UK self-storage sector is less mature than the US market, with significant room for increased market penetration and growth. The Fund benefitted from its out-of-benchmark exposure to the German residential sector through its holding in Deutsche Wohnen. While the recent rise in German Bund yields has given back some of the price gains for German residential property stocks, the sector has been among the strongest performing sectors in Europe over the past year, benefitting a combination of both favourable operating fundamentals and yield compression that has increased values significantly. Gecina S. A. was also a strong contributor in the period as result of improving outlook in the Paris office market. Conversely, the most significant negative contributor to the Fund's performance over the period was its holding in Unibail-Rodamco, a Pan-European owner and developer of large shopping centers. Notwithstanding that the amount of retail space per capita is significantly lower in Europe than in the US and e-commerce penetration not yet being as great, Unibail-Rodamco has not escaped the broader aversion from investors on retail focused property stocks globally.

## **Market Review**

### ***Markets impacted by macro and political events over the past 12 months***

Global property securities have had to weather a wide range of macro events and concerns over the past 12 months. In the aftermath of the surprise BREXIT referendum in June of last year, the global economy managed to push ahead despite the lingering uncertainty of its ultimate impact to the UK, the rest of Europe and its other global trading partners. The surprise election of Donald Trump last November also caught global markets off guard, but once again the global economy continued to move ahead, albeit with many twists and turns and periods of investor angst along the way. While the unexpected outcome resulted in some optimism of an economic boost in the US as a result of his reflationary policies, little has been accomplished by the new administration thus far. Worries about the risk of a populist candidate winning the general election in France earlier this year have since passed with the election of Emmanuel Macron as President of France.

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### ***Global property securities have been supported by accommodative monetary policies***

The one constant throughout this period of surprises and uncertainty has been accommodative central banks around the world that have kept monetary policy accommodative and interest rates favourable from a long term historical perspective. This has enabled real estate securities to continue to attract investor interest. In a low growth and low rate environment with investors searching for yield, real estate continues to offer an attractive combination of current yield and the potential for long term capital growth. More recent improving economic data in Europe has enabled European property securities to break away from the other two regions and deliver positive returns in recent months after all three regions had seemingly followed a similar trajectory for much of the period. The Federal Open Market Committee (FOMC) has raised its base interest rate three times in the past seven months, while the European Central Bank (ECB) has made some subtle overtures that the extended period of accommodative monetary policies will at some point have to come to an end. Despite all of the noise of the past 12 months, slow and steady growth, together with a favourable interest rate environment and moderate levels of new supply have led to a mostly favourable environment for real estate in recent years. As the period came to a close, much of the focus for the markets has been on the health and outlook of the global and regional economies, as well as the path of interest rates around the globe and whether central bank policies will start to diverge more meaningfully. The transition to the normalisation of monetary policy without materially disrupting growth will be a delicate balancing act.

### **Market Outlook & Strategy**

#### ***Global commercial real estate operating conditions remain mostly favourable***

Commercial real estate operating conditions remain mostly favourable across many global markets, albeit with some deceleration and a degree of variability by geography and property sector. While overall economic growth remains slow to moderate, major cities should fare disproportionately better given the global trend of urbanisation. The risk of rising interest rates and a shift in monetary policy by central banks around the world remain a headwind, but to the extent rate increases are measured and a reflection of an improving economy, it should result in a favourable environment for real estate owners provided the dynamics of supply and demand are in balance. Notwithstanding a continually changing macro environment that may lead to some near term volatility and uncertainty, those listed real estate companies that have used the current real estate cycle to rationalise their portfolios and solidify their capital structures should be well positioned to benefit from the current environment and create value for investors.

#### ***Fund positioned to be region neutral and alpha to be driven by stock selection***

The Fund continues to be region neutral. Individual holdings are a function of Adelante's value orientation, focusing heavily on any discrepancies between the private market value of the underlying assets and the public market valuation. Further emphasis is placed on high quality asset portfolios, strong balance sheets and stable cash flows.

At the end of the period, the Fund held 52 stocks. Regional weights at period end were North America (64.6%), Asia (20.3%) and Europe (12.6%). Cash held at the end of the period represented 2.5% of the Fund.

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This document is for information only with no consideration given to the specific investment objective, financial situation and particular needs of any specific person. Any securities mentioned herein are for illustration purposes only and should not be construed as a recommendation for investment. You should seek advice from a financial adviser before making any investment. In the event that you choose not to do so, you should consider whether the investment selected is suitable for you. Investments in unit trusts are not deposits in, obligations of, or guaranteed or insured by Nikko Asset Management Asia Limited (**"Nikko AM Asia"**).

**Past performance or any prediction, projection or forecast is not indicative of future performance.** The funds may use or invest in financial derivative instruments. The value of units and income from them may fall or rise. Investments in the funds are subject to investment risks, including the possible loss of principal amount invested. You should read the relevant prospectus and product highlights sheet obtainable from appointed distributors of Nikko AM Asia or our website ([www.nikkoam.com.sg](http://www.nikkoam.com.sg)) before investing.

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The CPF interest rate for the Ordinary Account ("OA") is based on the 12-month fixed deposit and month-end savings rates of major local banks, subject to a minimum 2.5% interest per annum. The interest rate for Special, Medisave and Retirement Accounts ("SMRA") is pegged to the 12-month average yield of 10-year Singapore Government Securities yield plus 1%. A 4% floor rate will be maintained for interest earned on SMRA until 31 December 2017, after which a 2.5% minimum rate will apply. An extra 1% interest is paid on the first S\$60,000 of a member's combined balances, including up to S\$20,000 in the OA. The first S\$20,000 in the OA and the first S\$40,000 in the Special Account ("SA") cannot be invested under the CPF Investment Scheme ("CPFIS").

### **For Hong Kong Investors**

The fund is only offered to professional investors and is not authorized by the Securities and Futures Commission in Hong Kong. The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to this document. If you are in any doubt about any of the contents, you should obtain independent professional advice.

Nikko Asset Management Asia Limited. Registration Number 198202562H

## SOFT DOLLAR COMMISSIONS/ARRANGEMENTS

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### Appointment of soft dollar brokers

The Managers will only appoint soft dollar brokers onto their broker panel after they have ensured that:

- a) full disclosure of the practice of accepting soft dollars is made;
- b) the commission rates charged are comparable with the market rates;
- c) there is no conflict of interest;
- d) the soft dollar credits are used only for clearly defined services;
- e) at all times trades are executed through the respective brokers only on the basis of best execution regardless whether soft dollar benefits will accrue. Best execution shall include competitive prices with smooth execution ability; and
- f) relevant regulations and guidelines are complied with.

The procedures for the appointment of the brokers shall be no different from that of normal full service brokers.

### Execution and allocation

If the Trustee objects to the use of the soft dollar brokers, the trades of the Fund shall be segregated from the rest of the trades that are executed through the relevant soft dollar broker(s). The Managers will execute trades for such accounts only with authorised full service brokers.

It is the responsibility of the Managers to ensure that the allocation quotas are adhered to. In addition, the Managers will monitor the execution ability of the soft dollar brokers and assign the business strictly on a "best execution" basis.

Subject to the provisions of the Code\*, in their management of the Fund, the Managers may receive soft dollar commissions from, or may enter into soft dollar arrangements with, stockbrokers who execute trades on behalf of the Fund and the soft dollars received would be restricted to the following kinds of services:

- a) specific advice as to the advisability of dealing in, or of the value of any investments;
- b) research and advisory services;
- c) economic and political analysis;
- d) portfolio analysis including valuation and portfolio measurements;
- e) market analysis;
- f) data and quotation services;
- g) computer hardware or software that are used to support the investment decision making process, the giving of advice, or the conduct of research or analysis; and
- h) custodial services in relation to the investments managed for clients.

The following are, however, prohibited:

- a) travel, accommodation and entertainment expenses;
- b) general administrative goods and services including office equipment and premises;
- c) membership fees;
- d) employee salaries;
- e) direct money payments / rebates.

The Managers will retain the records of the payments made using soft dollar commissions.

Subject to the provisions of the Code, the Sub-Managers of the Nikko AM Asia Investment Funds - Nikko AM Shenton Global Property Securities Fund (the "Fund") may receive soft-dollar commissions from, or may enter into soft dollar arrangements with, stockbrokers who execute trades on behalf of the Fund. However, in any such arrangement, the Sub-Managers of the Fund will abide by the restrictions and prohibitions set out in the paragraph above.

The Managers and the Sub-Managers of the Fund will not accept or enter into soft-dollar commissions / arrangements unless:

- such soft-dollar commissions / arrangements would in the opinion of the Managers / Sub-Managers, assist the Managers / Sub-Managers in their management of the Fund;
- the Managers / Sub-Managers shall ensure at all times that best execution is carried out for the transactions; and
- no unnecessary trades are entered into in order to qualify for such soft-dollar commissions / arrangements.

The Managers and the Sub-Managers of the Fund will comply with applicable regulatory and industry standards on soft dollars.

\* The "**Code**" means the Code on Collective Investment Schemes issued by the Authority pursuant to the Securities and Futures Act, as may be amended, modified, or supplemented from time to time by the Authority.



## **NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **REPORT OF THE TRUSTEE**

*For the financial year ended 30 June 2017*

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The Trustee is under a duty to take into custody and hold the assets of Nikko AM Shenton Global Property Securities Fund (the "Fund") in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 13 to 37, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee  
BNP Paribas Trust Services Singapore Limited

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Authorised signatory  
29 September 2017

## **NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **STATEMENT BY THE MANAGER**

*For the financial year ended 30 June 2017*

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In the opinion of Nikko Asset Management Asia Limited, the accompanying financial statements set out on pages 13 to 37, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of Nikko AM Shenton Global Property Securities Fund (the "Fund") as at 30 June 2017, and the financial performance and movements in unitholders' funds for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager  
Nikko Asset Management Asia Limited

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Authorised signatory  
29 September 2017

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE UNITHOLDERS OF NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**Our Opinion**

In our opinion, the accompanying financial statements of Nikko AM Shenton Global Property Securities Fund (the "Fund"), are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 30 June 2017, and of the financial performance and movements of unitholders' funds for the financial year ended on that date.

*What we have audited*

The financial statements of the Fund comprise:

- the Statement of Total Return for the financial year ended 30 June 2017;
- the Statement of Financial Position as at 30 June 2017;
- the Statement of Movements of Unitholders' Funds for the financial year ended 30 June 2017;
- the Statement of Portfolio as at 30 June 2017; and
- the notes to the financial statements, including a summary of significant accounting policies.

**Basis for Opinion**

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Independence*

We are independent of the Fund in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

**Other Information**

The Fund's Manager (the "Manager") is responsible for the other information. The other information comprises all sections of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE UNITHOLDERS OF NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**Responsibilities of the Manager for the Financial Statements**

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to terminate the Fund or to cease the Fund's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Fund's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE UNITHOLDERS OF NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants  
Singapore, 29 September 2017

**NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial year ended 30 June 2017*

	Note	2017 US\$	2016 US\$
<b>Income</b>			
Dividends		527,784	661,641
Interest on cash and bank balances		52	126
Other income		32	30,426
		<u>527,868</u>	<u>692,193</u>
<b>Less: Expenses</b>			
Management fee		248,263	279,339
Management fee rebate		-	(46,000)
Registrar fee		30,953	23,795
Trustee fee		6,577	7,475
Custody fee		2,575	1,637
Audit fee		10,840	10,804
Valuation fee		7,440	9,559
Transaction costs		40,463	80,007
Other expenses		36,866	37,248
		<u>383,977</u>	<u>403,864</u>
<b>Net income</b>		<u>143,891</u>	<u>288,329</u>
<b>Net gains or losses on value of investments and financial derivatives</b>			
Net (losses)/gains on investments		(77,104)	2,223,584
Net foreign exchange (losses)/gains		(7,009)	5,828
		<u>(84,113)</u>	<u>2,229,412</u>
<b>Total return for the financial year before income tax</b>		59,778	2,517,741
<b>Less: Income tax</b>	3	(120,806)	(156,577)
<b>Total (deficit)/return for the financial year after income tax</b>		<u>(61,028)</u>	<u>2,361,164</u>

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*The accompanying notes form an integral part of these financial statements.*

## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

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	Note	2017 US\$	2016 US\$
<b>ASSETS</b>			
Portfolio of investments		15,178,870	18,287,529
Receivables	4	39,984	78,214
Cash and bank balances		332,255	441,492
<b>Total assets</b>		<b>15,551,109</b>	<b>18,807,235</b>
<b>LIABILITIES</b>			
Payables	5	162,800	85,405
Purchases awaiting settlement		-	90,571
Distribution payable		109,426	124,359
<b>Total liabilities</b>		<b>272,226</b>	<b>300,335</b>
<b>EQUITY</b>			
Net assets attributable to unitholders	6	15,278,883	18,506,900

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*The accompanying notes form an integral part of these financial statements.*

**NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial year ended 30 June 2017*

	Note	2017 US\$	2016 US\$
<b>Net assets attributable to unitholders at the beginning of the financial year</b>		<b>18,506,900</b>	19,049,195
<b>Transaction losses arising from change in functional and presentation currency</b>		-	(796,069)
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		(61,028)	2,361,164
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		1,837,077	4,044,684
Cancellation of units		(4,556,140)	(5,653,405)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		(2,719,063)	(1,608,721)
Distributions	7	(447,926)	(498,669)
Total (decrease)/increase in net assets attributable to unitholders		(3,228,017)	253,774
<b>Net assets attributable to unitholders at the end of the financial year</b>	6	<b>15,278,883</b>	18,506,900

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*The accompanying notes form an integral part of these financial statements.*



**NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2017*

<b>By Geography (Primary)</b>	<b>Holdings at 30 June 2017</b>	<b>Fair value at 30 June 2017 US\$</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2017 %</b>
<b>Quoted Equities</b>			
<b>BERMUDA ISLANDS</b>			
Hongkong Land Holdings Limited	4,300	31,648	0.21
<b>Total BERMUDA ISLANDS</b>		<b>31,648</b>	<b>0.21</b>
<b>GERMANY</b>			
Deutsche Wohnen AG	7,896	301,604	1.97
<b>Total GERMANY</b>		<b>301,604</b>	<b>1.97</b>
<b>HONG KONG SAR</b>			
Hysan Development Company Limited	58,000	276,758	1.81
Sun Hung Kai Properties Limited	50,000	734,649	4.81
<b>Total HONG KONG SAR</b>		<b>1,011,407</b>	<b>6.62</b>
<b>JAPAN</b>			
Mitsubishi Estate Company Limited	23,000	428,538	2.80
Mitsui Fudosan Company Limited	28,000	667,978	4.38
Sumitomo Realty & Development Company Limited	1,000	30,838	0.20
<b>Total JAPAN</b>		<b>1,127,354</b>	<b>7.38</b>
<b>NETHERLANDS</b>			
Interxion Holding NV	8,700	398,286	2.61
<b>Total NETHERLANDS</b>		<b>398,286</b>	<b>2.61</b>
<b>UNITED STATES OF AMERICA</b>			
Hilton Grand Vacations Incorporated	5,923	213,346	1.40
Hilton Worldwide Holdings Incorporated	3,153	194,950	1.27
Marriott International Incorporation	2,895	290,397	1.90
<b>Total UNITED STATES OF AMERICA</b>		<b>698,693</b>	<b>4.57</b>
<b>Total Quoted Equities</b>		<b>3,568,992</b>	<b>23.36</b>

*The accompanying notes form an integral part of these financial statements*

**NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2017***By Geography (Primary)** (continued)

	Holdings at 30 June 2017	Fair value at 30 June 2017 US\$	Percentage of total net assets attributable to unitholders at 30 June 2017 %
<b>Quoted Real Estate Investment Trusts</b>			
<b>AUSTRALIA</b>			
Dexus	45,795	333,011	2.18
Investa Office Fund	30,070	101,258	0.66
Scentre Group	39,016	121,208	0.79
Viva Energy REIT	68,020	118,439	0.78
Westfield Corporation	15,280	94,118	0.62
<b>Total AUSTRALIA</b>		<b>768,034</b>	<b>5.03</b>
<b>BRITAIN</b>			
Derwent London Public Listed Company	3,810	131,347	0.86
Safestore Holdings Public Listed Company	28,121	153,929	1.01
Segro Public Listed Company	53,970	342,952	2.24
Shaftesbury Public Listed Company	10,600	133,903	0.88
<b>Total BRITAIN</b>		<b>762,131</b>	<b>4.99</b>
<b>FRANCE</b>			
Gecina SA	1,865	292,161	1.91
Unibail-Rodamco SE	1,660	417,760	2.73
<b>Total FRANCE</b>		<b>709,921</b>	<b>4.64</b>
<b>GERMANY</b>			
Alstria Office REIT-AG	13,460	181,842	1.19
<b>Total GERMANY</b>		<b>181,842</b>	<b>1.19</b>
<b>HONG KONG SAR</b>			
Link REIT	8,500	64,677	0.42
<b>Total HONG KONG SAR</b>		<b>64,677</b>	<b>0.42</b>
<b>SINGAPORE</b>			
Capitaland Mall Trust	108,230	155,245	1.02
<b>Total SINGAPORE</b>		<b>155,245</b>	<b>1.02</b>
<b>UNITED STATES OF AMERICA</b>			
Alexandria Real Estate Equities Incorporated	4,255	512,642	3.36
American Assets Trust Incorporated	2,975	117,037	0.77
American Tower Corporation	2,170	287,091	1.88
Apartment Investment & Management Company	7,735	332,218	2.17
Colony Starwood Homes	6,500	223,015	1.46
Corporate Office Properties Trust	9,750	341,542	2.24
DCT Industrial Trust Incorporated	6,615	353,506	2.31
Duke Realty Corporation	6,205	173,430	1.14
Equinix Incorporated	686	294,404	1.93
Equity Residential	5,710	375,889	2.46
Essex Property Trust Incorporated	1,310	337,076	2.21
Extra Space Storage Incorporated	4,355	339,821	2.22
GGP Incorporated	6,890	162,328	1.06

*The accompanying notes form an integral part of these financial statements*

**NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2017*

<b>By Geography (Primary)</b> (continued)	<b>Holdings at 30 June 2017</b>	<b>Fair value at 30 June 2017 US\$</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2017 %</b>
<b>Quoted Real Estate Investment Trusts</b> (continued)			
<b>UNITED STATES OF AMERICA</b> (continued)			
Healthcare Trust of America Incorporated	10,545	328,266	2.15
Kilroy Realty Corporation	4,865	365,605	2.39
Kimco Realty Corporation	13,270	243,505	1.59
National Retail Properties Incorporated	2,015	78,786	0.51
Prologis Incorporated	11,545	676,999	4.43
Public Storage	1,875	390,938	2.56
Realty Income Corporation	1,885	104,014	0.68
Regency Centers Corporation	6,740	422,261	2.76
Retail Opportunity Investments Corporation	14,635	280,846	1.84
Simon Property Group Incorporated	4,150	671,304	4.39
Sun Communities Incorporated	3,165	277,539	1.82
Ventas Incorporated	4,645	322,735	2.11
Vornado Realty Trust	5,070	476,073	3.12
Welltower Incorporated	6,405	479,158	3.14
<b>Total UNITED STATES OF AMERICA</b>		<b>8,968,028</b>	<b>58.70</b>
<b>Total Quoted Real Estate Investment Trusts</b>		<b>11,609,878</b>	<b>75.99</b>
<b>Portfolio of investments</b>		<b>15,178,870</b>	<b>99.35</b>
<b>Other net assets</b>		<b>100,013</b>	<b>0.65</b>
<b>Net assets attributable to unitholders</b>		<b>15,278,883</b>	<b>100.00</b>

*The accompanying notes form an integral part of these financial statements*

## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### STATEMENT OF PORTFOLIO

As at 30 June 2017

By Geography (Summary)	Percentage of total net assets attributable to unitholders at 30 June 2017 %	Percentage of total net assets attributable to unitholders at 30 June 2016 %
<b>Quoted Equities</b>		
Bermuda Islands	0.21	-
Germany	1.97	2.02
Hong Kong SAR	6.62	5.58
Japan	7.38	6.38
Netherlands	2.61	1.42
United States of America	4.57	3.59
<b>Total Quoted Equities</b>	<b>23.36</b>	<b>18.99</b>
<b>Quoted Real Estate Investment Trusts</b>		
Australia	5.03	5.74
Britain	4.99	4.24
France	4.64	4.48
Germany	1.19	0.47
Hong Kong SAR	0.42	1.80
Japan	-	0.84
Singapore	1.02	0.47
United States of America	58.70	61.78
<b>Total Quoted Real Estate Investment Trusts</b>	<b>75.99</b>	<b>79.82</b>
<b>Portfolio of investments</b>	<b>99.35</b>	<b>98.81</b>
<b>Other net assets</b>	<b>0.65</b>	<b>1.19</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

By Industry (Secondary)	Fair value at 30 June 2017 US\$	Percentage of total net assets attributable to unitholders at 30 June 2017 %	Percentage of total net assets attributable to unitholders at 30 June 2016 %
Healthcare-Services	-	-	1.00
Lodging	698,693	4.57	2.59
Real Estate Companies	2,472,013	16.18	13.99
Real Estate Investment Trusts (REITS)	11,609,878	75.99	79.82
Software	398,286	2.61	1.41
<b>Portfolio of investments</b>	<b>15,178,870</b>	<b>99.35</b>	<b>98.81</b>
<b>Other net assets</b>	<b>100,013</b>	<b>0.65</b>	<b>1.19</b>
<b>Net assets attributable to unitholders</b>	<b>15,278,883</b>	<b>100.00</b>	<b>100.00</b>

The accompanying notes form an integral part of these financial statements.

## **NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2017*

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

#### **1. General**

Nikko AM Shenton Global Property Securities Fund (the "Fund") is a Singapore domiciled fund, constituted as a Sub-Fund of the Nikko AM Asia Investment Funds, pursuant to the Trust Deed dated 8 March 2000 as amended by Supplemental Deeds and Amended and Restated Deeds (collectively referred to as the "Deeds"). The Deeds are governed by the laws of the Republic of Singapore. The Trustee of the Fund is BNP Paribas Trust Services Singapore Limited (the "Trustee"). The Manager of the Fund is Nikko Asset Management Asia Limited. The Fund is a unit trust included under the Central Provident Fund Investment Scheme ("CPFIS").

The Sub-Manager is Adelante Capital Management LLC.

As of 30 June 2017, Nikko AM Asia Investment Funds comprise seven separate and distinct Sub-Funds, namely Nikko AM Shenton Asia Dividend Equity Fund, Nikko AM Shenton Global Property Securities Fund, Nikko AM Shenton Asia Bond Fund, POSB InvestSteady Fund, MyHome Fund - HomeSteady, MyHome Fund - HomeBalanced and MyHome Fund - HomeGrowth.

Only the financial statements of Nikko AM Shenton Global Property Securities Fund is presented in this report.

There are currently five classes of units established within the Fund, namely S\$ Class, S\$ Class B, US\$ Class, US\$ Class B and RMB Class.

The Classes within each Scheme differ in terms of their Class Currency and the minimum subscription amounts applicable.

The Deposited Property of each Scheme will be valued in United States Dollar. However, the NAV of each Class within each Scheme will be valued in its respective Class Currency.

As of 30 June 2017, only units in S\$ Class and US\$ Class have been issued.

With effect from 30 September 2016, the Fund ceased to accept new or further subscriptions for units using Central Provident Fund ("CPF") monies. The Fund will continue to be included under the CPFIS – List B and to be managed in accordance with CPF Investment Guidelines.

## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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#### 2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below:

(a) Basis of preparation

The financial statements have been prepared under the historical-cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants in June 2016 for the financial year beginning on or after 1 July 2016.

The Fund has adopted the following Singapore Financial Reporting Standards ("FRS") and related amendments in accordance with the recommendations of the RAP7:

(i) Consolidation and disclosure of interests in other entities

FRS 110 "Consolidated financial statements"  
FRS 112 "Disclosure of interests in other entities"  
Amendments to FRS 110, FRS 112 and FRS 27 "Investment entities"

FRS 110 and the amendments define an investment entity and introduce an exception from the consolidation requirements for investment entities.

FRS 112 and the amendments require entities to disclose significant judgements and assumptions made in determining whether the entity controls, jointly controls, significantly influences or has some interests in other entities. Entities are also required to provide disclosure around certain "structured entities". The amendments to FRS 112 introduce new disclosure requirements related to investment entities.

(ii) Offsetting financial assets and liabilities disclosures

Amendments to FRS 32 "Financial instruments: Presentation – Offsetting financial assets and financial liabilities"  
Amendments to FRS 107 "Disclosures – Offsetting financial assets and financial liabilities"

The amendments to FRS 32 provide clarification on the offsetting criteria in FRS 32 and address inconsistencies in their application.

The amendments to FRS 107 require additional disclosures to enable users of financial statements to evaluate the effect or the potential effects of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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#### 2. Significant accounting policies (continued)

##### (a) Basis of preparation (continued)

The adoption of these new or amended FRS did not impact the Fund's level of disclosures and accounting policies, and had no material effect on the amounts reported for the current or prior financial years.

##### (b) Recognition of income

Dividend income from investments is recognised when the right to receive payment is established.

Interest income is recognised on a time-proportion basis using the effective interest rate method.

##### (c) Distributions

The Manager has the absolute discretion to determine whether a distribution is to be made. In such an event, an appropriate amount will be transferred to a distribution account to be paid on the distribution date. The amount shall not be treated as part of the property of the Fund. Distributions are accrued for at the reporting date if the necessary approvals have been obtained and a legal constructive obligation has been created.

##### (d) Investments

Investments are classified as financial assets at fair value through profit or loss.

###### (i) *Initial recognition*

Purchases of investments are recognised on the trade date. Investments are recorded at fair value on initial recognition.

###### (ii) *Subsequent measurement*

Investments are subsequently carried at fair value. Net changes in fair value on investments are included in the Statement of Total Return in the year in which they arise.

###### (iii) *Derecognition*

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sales of investments are computed on the basis of the difference between the weighted average cost and selling price gross of transaction costs, and are taken up in the Statement of Total Return.

## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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#### 2. Significant accounting policies (continued)

##### (e) Basis of valuation of investments

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The quoted market price used for investments held by the Fund is the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value.

##### (f) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

##### (g) Foreign currency translation

###### (i) *Functional and presentation currency*

The Fund qualifies as an authorised scheme under the Securities and Futures Act ("SFA") of Singapore and is offered to retail investors in Singapore.

The performance of the Fund is measured and reported to the investors in United States Dollars ("US\$"). The Manager considers the United States Dollars as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are expressed in United States Dollars, which is the Fund's functional and presentation currency.

###### (ii) *Transactions and balances*

Foreign currency monetary assets and liabilities are translated into United States Dollars at the rates of exchange prevailing at the date of the Statement of Financial Position. The net unrealised gain or loss is taken to the Statement of Total Return. Transactions during the year are recorded in United States Dollars at the rates of exchange ruling on transaction dates. All realised gains or losses are recognised in the Statement of Total Return.



## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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#### 3. Income Tax

The Fund was granted the status of a Designated Unit Trust (DUT) in Singapore. The Manager and Trustee of the Fund will ensure that the Fund fulfills its reporting obligations under the DUT Scheme.

Under the DUT Scheme, subject to certain conditions and reporting obligations being met, certain income of the DUT fund is not taxable in accordance to Section 35(12) and (12A) of the Income Tax Act. Such income includes:

- (a) gains or profit derived from Singapore or elsewhere from the disposal of securities;
- (b) interest (other than interest for which tax has been deducted under section 45 of the Income Tax Act);
- (c) dividends derived from outside Singapore and received in Singapore;
- (d) gains or profits derived from foreign exchange transactions, transactions in futures contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities or financial index;
- (e) discount prepayment fee, redemption premium and break cost from qualifying debt securities issued during the prescribed period; and
- (f) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.

Income tax for the financial year ended 30 June 2017 and 2016 comprises:

	2017 US\$	2016 US\$
Singapore income tax	666	2,006
Overseas income tax	120,405	154,571
Income tax credit	(265)	-
	<u>120,806</u>	<u>156,577</u>

The Singapore income tax represents tax deducted at source for Singapore sourced dividends. The overseas income tax represents tax deducted at source on dividends derived from outside Singapore.

## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

#### 4. Receivables

	2017 US\$	2016 US\$
Receivable from unitholders for creation of units	2,289	29,062
Dividends receivable	37,695	49,152
	<b>39,984</b>	<b>78,214</b>

#### 5. Payables

	2017 US\$	2016 US\$
Payable to unitholders for cancellation of units	81,279	29,683
Amount due to the Manager	62,718	36,715
Registrar fee payable	2,971	3,044
Valuation fee payable	1,918	2,211
Trustee fee payable	1,674	1,966
Provision for audit fee	11,336	10,846
Custody fee payable	489	739
Other payables	415	201
	<b>162,800</b>	<b>85,405</b>

Amount due to the Manager comprises management fee and is payable to Nikko Asset Management Asia Limited. Trustee fee and registrar fee are payable to BNP Paribas Trust Services Singapore Limited. Valuation fee and custody fee are payable to BNP Paribas Securities Services Singapore Branch.

#### 6. Units in issue

During the year ended 30 June 2017 and 30 June 2016, the numbers of units issued, redeemed and outstanding were as follows:

	2017	2016 (Restated)
<b>S\$ Class</b>		
Units at beginning of the financial year	26,295,732	28,556,665
Units created	2,766,940	6,279,044
Units cancelled	(6,452,678)	(8,539,977)
Units at end of the financial year	<b>22,609,994</b>	<b>26,295,732</b>
Net assets attributable to unitholders - US\$	14,612,917	17,474,450
Net asset value per unit - US\$	<b>0.646</b>	<b>0.665</b>

**NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2017***6. Units in issue (continued)**

	2017	2016 (Restated)
<b>US\$ Class</b>		
Units at beginning of the financial year	1,553,641	1,835,379
Units created	31,884	45,473
Units cancelled	(556,044)	(327,211)
Units at end of the financial year	<u>1,029,481</u>	<u>1,553,641</u>
Net assets attributable to unitholders - US\$	<u>665,966</u>	1,032,450
Net asset value per unit - US\$	<u>0.647</u>	<u>0.665</u>

Distributions are accrued at the reporting date if necessary approvals have been obtained and a legal or constructive obligation has been created, for the purpose of determining the accounting net asset values in the financial statements.

A reconciliation of the net asset attributable to unitholders per the financial statements and the net assets attributable to unitholders for issuing/redeeming units at the financial year end is prepared below:

	2017 US\$	2016 US\$ (Restated)
<b>S\$ Class</b>		
Net assets attributable to unitholders as per financial statements per unit	0.646	0.665
Effect of distribution per unit	0.005	0.004
Net assets attributable to unitholders for issuing/redeeming per unit	<u>0.651</u>	<u>0.669</u>
<b>US\$ Class</b>		
Net assets attributable to unitholders as per financial statements per unit	0.647	0.665
Effect of distribution per unit	0.005	0.004
Net assets attributable to unitholders for issuing/redeeming per unit	<u>0.652</u>	<u>0.669</u>

## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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#### 7. Distributions

	2017 US\$	2016 US\$
June final distribution of (S\$ Class) S\$0.64 per 100 units and (US\$ Class) US\$0.46 per 100 units in respect of the financial year ended 30 June 2017	109,426	-
March interim distribution of (S\$ Class) S\$0.62 per 100 units and (US\$ Class) US\$0.44 per 100 units in respect of the financial year ended 30 June 2017	109,544	-
December interim distribution of (S\$ Class) S\$0.61 per 100 units and (US\$ Class) US\$0.43 per 100 units in respect of financial year ended 30 June 2017	109,359	-
September interim distribution of US\$0.46 per 100 units in respect of the financial year ended 30 June 2017	119,597	-
June final distribution of US\$0.45 per 100 units in respect of the financial year ended 30 June 2016	-	124,359
March interim distribution of US\$0.45 per 100 units in respect of the financial year ended 30 June 2016	-	128,024
December interim distribution of US\$0.42 per 100 units in respect of financial year ended 30 June 2016	-	122,698
September interim distribution of US\$0.41 per 100 units in respect of the financial year ended 30 June 2016	-	123,588
	<u>447,926</u>	<u>498,669</u>

## **NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2017*

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#### **8. Financial risk management**

The Fund's activities expose it to a variety of risk, including but not limited to market risk (including currency risk, interest rate risk and price risk), liquidity risk and credit risk. The Manager is responsible for the implementation of the overall risk management programme, which seeks to minimise potential adverse effects on the Fund's financial performance. Specific guidelines on exposures to individual securities and certain industries and/or countries are in place as part of the overall financial risk management to reduce the Fund's exposures to these risks.

The Fund's primary objective is to provide investors with medium to long term capital appreciation and to make regular income distributions during the investment period by investing in global listed real estate investment trusts ("REITS") (including business trusts) and the quoted securities of real estate companies or of those traded on a regulated exchange.

The financial instruments are held in accordance with the published investment policies of the Fund and managed accordingly to achieve the investment objectives.

##### **(a) Market risk - Price risk**

Price risk is the risk that arises from uncertainties about future prices of financial instruments.

The Fund's investment is substantially dependent on the changes in market prices. The Fund's overall market positions are monitored regularly so as to assess any changes in fundamentals and valuation. However, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the net asset value of the Fund.

The Fund's market price risk is managed through diversification of the investment portfolio across various geographies globally.

As the Fund invests primarily in global property securities, the Manager is of the view that the price risk the Fund is subject to is best reflected by movements in its composite benchmark of S&P Global REIT Net Total Return Index (the "Index").

## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 30 June 2017*

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#### **8. Financial risk management** (continued)

##### **(a) Market risk - Price risk** (continued)

As at 30 June 2017, an increase/decrease of Index by 7% (2016: 7%), with all other variables remaining constant, the net assets attributable to unitholders for the year would increase/decrease by approximately 7% (2016: 7%). The analysis was based on the assumptions that the Index Components within the benchmark increased/decreased by a reasonable possible shift, with all other variables held constant and that the fair value of Fund's investments moved according to the beta. Changes in market index percentage are revised annually depending on management's current view on market volatility and other relevant factors.

##### **(b) Market risk - Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates (fair value risk).

Investment funds that invest in equity securities may be subject to interest rate risk as any interest rate change may affect the equity risk premium though at varying degrees. To manage this risk, the Manager analyses how interest rate changes may affect different industries and securities and then seeks to adjust the Fund's portfolio investments accordingly.

However, the effects of changes in interest rates on the Fund's portfolio may not be quantified as the relationship between the interest rates and the value of equity securities is indirect. Hence, no sensitivity analysis has been presented separately.

##### **(c) Market risk - Currency risk**

Currency risk is the risk that the value of financial instrument will fluctuate due to changes in foreign exchange rates.

To minimise currency risk, the Fund mainly holds its excess cash in its functional currency. For hedging purposes, the Fund may also enter into forward foreign exchange contracts.

## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

#### 8. Financial risk management (continued)

##### (c) Market risk - Currency risk (continued)

The tables below summarise the Fund's exposure to currency risks.

As at 30 June 2017	USD US\$	AUD US\$	SGD US\$	EUR US\$	JPY US\$	GBP US\$	HKD US\$	Others US\$	Total US\$
<b>Assets</b>									
Portfolio of investments	10,096,655	768,034	155,245	1,193,367	1,127,354	762,131	1,076,084	-	15,178,870
Receivables	25,344	9,993	2,289	-	-	1,088	1,270	-	39,984
Cash and bank balances	82,686	13,688	205,119	5,067	11,114	9,573	4,996	12	332,255
<b>Total assets</b>	<b>10,204,685</b>	<b>791,715</b>	<b>362,653</b>	<b>1,198,434</b>	<b>1,138,468</b>	<b>772,792</b>	<b>1,082,350</b>	<b>12</b>	<b>15,551,109</b>
<b>Liabilities</b>									
Payables	81,521	-	81,279	-	-	-	-	-	162,800
Distribution payable	4,736	-	104,690	-	-	-	-	-	109,426
<b>Total liabilities</b>	<b>86,257</b>	<b>-</b>	<b>185,969</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>272,226</b>
<b>Net currency exposure</b>	<b>10,118,428</b>	<b>791,715</b>	<b>176,684</b>	<b>1,198,434</b>	<b>1,138,468</b>	<b>772,792</b>	<b>1,082,350</b>	<b>12</b>	

## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

#### 8. Financial risk management (continued)

##### (c) Market risk - Currency risk (continued)

As at 30 June 2016	USD US\$	AUD US\$	SGD US\$	EUR US\$	JPY US\$	GBP US\$	HKD US\$	Others US\$	Total US\$
<b>Assets</b>									
Portfolio of investments	12,395,359	1,061,566	87,017	1,289,989	1,337,395	785,066	1,331,137	-	18,287,529
Receivables	35,434	4,898	29,062	-	-	2,050	6,770	-	78,214
Cash and bank balances	197,232	21,243	216,309	-	5,820	-	92	796	441,492
<b>Total assets</b>	<b>12,628,025</b>	<b>1,087,707</b>	<b>332,388</b>	<b>1,289,989</b>	<b>1,343,215</b>	<b>787,116</b>	<b>1,337,999</b>	<b>796</b>	<b>18,807,235</b>
<b>Liabilities</b>									
Payables	55,722	-	29,683	-	-	-	-	-	85,405
Purchases awaiting settlement	69,734	20,837	-	-	-	-	-	-	90,571
Distribution payable	6,991	-	117,368	-	-	-	-	-	124,359
<b>Total liabilities</b>	<b>132,447</b>	<b>20,837</b>	<b>147,051</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300,335</b>
<b>Net currency exposure</b>	<b>12,495,578</b>	<b>1,066,870</b>	<b>185,337</b>	<b>1,289,989</b>	<b>1,343,215</b>	<b>787,116</b>	<b>1,337,999</b>	<b>796</b>	



## **NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2017*

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#### **8. Financial risk management** (continued)

##### **(c) Market risk - Currency risk** (continued)

Portfolio of investments, which is a significant item in the Statement of Financial Position, is exposed to currency risk and other price risk. The Manager has considered the impact of currency risk sensitivity on non-monetary assets as part of the price risk sensitivity analysis.

As of 30 June 2017 and 2016 the Fund does not hold substantial monetary assets/liabilities. Changes in foreign exchange rates on monetary assets/liabilities will not result in a significant change in the net asset value of the Fund. Hence, no separate sensitivity analysis on foreign currency risk has been presented.

##### **(d) Liquidity risk**

Liquidity risk is the risk of loss arising from the inability of the Fund to meet its obligations as and when they fall due without incurring unacceptable cost or losses.

The Fund is exposed to daily cash redemptions from unitholders. However, in accordance with the Fund's prospectus, minimum holdings and minimum redemption size are set.

To manage the liquidity risk, a cash buffer is maintained in the Fund and monitored for minimum cash balances to prevent any extensive disposition of assets which may occur at lower prices and overdraft situations to meet trade settlements and obligations.

The Fund's securities are considered readily realisable, as all the securities are listed on the recognised stock exchanges.

The Fund's financial liabilities are analysed using contractual undiscounted cashflows for maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date. At the year end, all liabilities either payable on demand or are due in less than 3 months. The impact of discounting is not significant.

## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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#### 8. Financial risk management (continued)

##### (d) Liquidity risk (continued)

	<u>Less than 3 months</u>	
	As at 30 June 2017 US\$	As at 30 June 2016 US\$
Payables	162,800	85,405
Purchases awaiting settlement	-	90,571
Distribution payable	109,426	124,359
<b>Contractual cash outflows</b>	<b>272,226</b>	<b>300,335</b>

##### (e) Credit risk

Credit risk is the risk that a counterparty will be unable to fulfil its obligations to the Fund in part or in full as and when they fall due.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties as well as the respective credit limits are approved;
- ensuring there are controls in place to identify and assess the creditworthiness of counterparties and review such controls on a semi-annual basis; and
- ensuring that transactions are undertaken with a large number of counterparties.

All trade settlement with approved counterparties are on Delivery versus Payment and/or Receipt versus Payment basis, with the exception of initial public offerings, new issues and placement transactions.

## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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#### 8. Financial risk management (continued)

##### (e) Credit risk (continued)

Credit risk arises from cash and bank balances and outstanding and committed transactions with brokers. The table below summarises the credit rating of banks and custodian in which the Fund's assets are held as at 30 June 2017 and 30 June 2016.

	Credit rating as at 30 June 2017	Credit rating as at 30 June 2016	Source of credit rating
<b>Bank balance</b>			
- BNP Paribas Securities Services Singapore Branch	A	A	Standard & Poor's
<b>Custodian</b>			
- BNP Paribas Securities Services Singapore Branch	A	A	Standard & Poor's

The credit ratings are based on Long-Term Local Issuer Ratings published by the rating agency.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

##### (f) Specific risk of real estate companies

Real estate companies are particularly vulnerable to, inter alia, the local and international economic climate, real estate market conditions such as oversupply or reduced demand for commercial and residential space, changes in market rental rates, depreciation of buildings over time, and increases in property taxes and interest rates.

As real estate investments are relatively illiquid, this affects the ability of a REIT to vary its investment portfolio or liquidate part of its assets in response to changes in economic, real estate market, interest rates or other conditions.

An increase in market interest rates may have an adverse impact on the market price of units in REITs if their annual yields give investors a lower return as compared to other investments.

To manage such risks, the Manager seeks to diversify its investments between asset class i.e. listed real estate companies and REITs, and between securities within each class i.e., residential versus commercial properties, properties situated in different geographical area etc.

## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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#### 8. Financial risk management (continued)

##### (g) Capital management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

##### (h) Fair value estimation

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 30 June 2017 and 2016:

#### As at 30 June 2017

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<b>Assets</b>				
Financial assets designated at fair value through profit or loss at inception				
- Quoted equities	3,568,992	-	-	3,568,992
- Quoted real estate investment trusts	11,609,878	-	-	11,609,878
	<b>15,178,870</b>	-	-	<b>15,178,870</b>

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## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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#### 8. Financial risk management (continued)

##### (h) Fair value estimation (continued)

As at 30 June 2016

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<b>Assets</b>				
Financial assets designated at fair value through profit or loss at inception				
- Quoted equities	3,515,124	-	-	3,515,124
- Quoted real estate investment trusts	14,772,405	-	-	14,772,405
	<u>18,287,529</u>	<u>-</u>	<u>-</u>	<u>18,287,529</u>

Investments, whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active investment funds. The Fund does not adjust the quoted price for these instruments.

Except for cash and bank balances which are classified as level 1, the Fund's assets and liabilities not measured at fair value at 30 June 2017 and 2016 have been classified as level 2. The carrying amounts of these assets and liabilities approximate their fair values as at the Statement of Financial Position date.

#### 9. Related party transactions

In addition to related party information shown elsewhere in the financial statements, the following significant transactions took place during the financial year between the Fund and a related party at terms agreed between the parties and within the provisions of the Deeds:

	2017 US\$	2016 US\$
Bank balances held with related party of the Trustee	<u>332,255</u>	<u>441,492</u>

## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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#### 10. Financial ratios

##### Expense ratio

<b>S\$ Class</b>		<b>2017</b>	<b>2016</b>
Total operating expenses	US\$	<b>327,110</b>	303,437
Average daily net asset value	US\$	<b>15,750,097</b>	17,393,769
<b>Total expense ratio<sup>1</sup></b>	%	<b>2.08</b>	1.74

<b>US\$ Class</b>		<b>2017</b>	<b>2016</b>
Total operating expenses	US\$	<b>16,373</b>	20,392
Average daily net asset value	US\$	<b>788,358</b>	1,168,935
<b>Total expense ratio<sup>1</sup></b>	%	<b>2.08</b>	1.74

##### Turnover ratio

		<b>2017</b>	<b>2016</b>
Lower of total value of purchases or sales	US\$	<b>8,020,397</b>	15,821,270
Average daily net asset value	US\$	<b>16,538,455</b>	18,562,704
<b>Total turnover ratio<sup>2</sup></b>	%	<b>48.50</b>	85.23

<sup>1</sup>The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at financial year end was based on total operating expenses divided by the average net asset value for the year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

<sup>2</sup>The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, divided by the average daily net asset value.

## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### REPORT TO UNITHOLDERS

For the financial year ended 30 June 2017

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The following contains additional information relating to the Fund.

#### 1. Distribution of investments

Please refer to the Statement of Portfolio on pages 16 to 19.

#### 2. Credit rating of debt securities

Nil.

#### 3. Top 10 holdings

##### 10 Largest holdings at 30 June 2017

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Sun Hung Kai Properties Limited	734,649	4.81
Prologis Incorporated	676,999	4.43
Simon Property Group Incorporated	671,304	4.39
Mitsui Fudosan Company Limited	667,978	4.38
Alexandria Real Estate Equities Incorporated	512,642	3.36
Welltower Incorporated	479,158	3.14
Vornado Realty Trust	476,073	3.12
Mitsubishi Estate Company Limited	428,538	2.80
Regency Centers Corporation	422,261	2.76
Unibail-Rodamco SE	417,760	2.73

##### 10 Largest holdings at 30 June 2016

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Simon Property Group Incorporated	1,297,062	7.01
Public Storage	854,648	4.62
Essex Property Trust Incorporated	704,798	3.81
Welltower Incorporated	692,766	3.74
Prologis Incorporated	625,505	3.38
Mitsui Fudosan Company Limited	590,886	3.19
Boston Properties Incorporated	547,385	2.96
Equity Residential	526,243	2.84
Sun Hung Kai Properties Limited	503,754	2.72
Extra Space Storage Incorporated	465,014	2.51

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## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### REPORT TO UNITHOLDERS

For the financial year ended 30 June 2017

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**4. Exposure to financial derivatives**

Nil.

**5. Global exposure to financial derivatives**

Nil.

**6. Collateral**

Nil.

**7. Securities lending or repurchase transactions**

Nil.

**8. Investment in unit trusts, mutual funds and collective investment schemes**

Please refer to the statement of portfolio on pages 16 to 19.

**9. Borrowings**

Nil.

**10. Amount of units created and cancelled for the financial year ended 30 June 2017**

US\$

Units created	1,837,077
Units cancelled	(4,556,140)

**11. Turnover ratio**

Please refer to Note 10 of the Notes to the financial statements on page 37.

**12. Expense ratio**

Please refer to Note 10 of the Notes to the financial statements on page 37.

**13. Related party transactions**

Please refer to Note 9 of the Notes to the financial statements on page 36.

**14. Any other material information that will adversely impact the valuation of the fund**

Nil.

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Company registration number 198202562H

# SEMI-ANNUAL REPORT

For the financial period ending 31 December 2016

## Nikko AM Shenton Global Property Securities Fund

### **MANAGERS**

Nikko Asset Management Asia Limited  
12 Marina View, #18-02, Asia Square Tower 2,  
Singapore 018961  
Company Registration No. 198202562H

### **DIRECTORS**

Lim Say Boon  
Lim Soon Chong  
Seet Oon Hui Eleanor  
David Jonathan Semaya  
Yu-Ming Wang

### **TRUSTEE & REGISTRAR**

BNP Paribas Trust Services Singapore Limited  
20 Collyer Quay, #01-01  
Singapore 049319

### **AUDITORS**

PricewaterhouseCoopers LLP  
8 Cross Street, #17-00 PWC Building  
Singapore 048424

### **CUSTODIAN**

BNP Paribas Securities Services, Singapore Branch  
20 Collyer Quay, #01-01  
Singapore 049319

This report is also available on our website ([www.nikkoam.com.sg](http://www.nikkoam.com.sg))

## PERFORMANCE SUMMARY

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Benchmark <sup>1</sup>	0.55	1.62	7.72	13.92	13.07	9.71	10.94
Nikko AM Shenton Global Property Securities Fund (S\$) <sup>2</sup>	0.93	2.40	2.21	10.68	10.18	-0.08	3.16

Source: © 2016 Morningstar. All Rights Reserved. & Nikko Asset Management Asia Limited, returns as at 31 December 2016. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for periods in excess of 1 year are annualised. Past performance is not indicative of future performance.

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Benchmark <sup>1</sup>	0.55	1.62	7.72	13.92	13.07	9.71	10.94
Nikko AM Shenton Global Property Securities Fund (S\$) <sup>2</sup>	-4.12	-2.72	-2.90	8.80	9.05	-0.59	2.71

Source: © 2016 Morningstar. All Rights Reserved. & Nikko Asset Management Asia Limited, returns as at 31 December 2016. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Benchmark <sup>1</sup>	-5.11	-5.33	5.77	8.92	10.65	10.37	12.25
Nikko AM Shenton Global Property Securities Fund (US\$) <sup>2</sup>	-4.75	-4.68	0.37	5.80	7.82	0.50	4.31

Source: © 2016 Morningstar. All Rights Reserved. & Nikko Asset Management Asia Limited, returns as at 31 December 2016. Returns are calculated on a NAV-NAV basis, USD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for periods in excess of 1 year are annualised. Past performance is not indicative of future performance.

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Benchmark <sup>1</sup>	-5.11	-5.33	5.77	8.92	10.65	10.37	12.25
Nikko AM Shenton Global Property Securities Fund (US\$) <sup>2</sup>	-9.51	-9.44	-4.64	4.00	6.72	-0.01	3.86

Source: © 2016 Morningstar. All Rights Reserved. & Nikko Asset Management Asia Limited, returns as at 31 December 2016. Returns are calculated on a NAV-NAV basis, USD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

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**Inception Date: 11 April 2005****Note:**

- (1) Benchmark was changed to S&P Global REIT Net Total Return Index with effect from 1 April 2015. Prior to 1 April 2015, the benchmark was UBS Global Real Estate Investors Total Return Index. Prior to 1 March 2010, the benchmark was Yield Component of UBS Global Real Estate Investors Total Return Index. Prior to 1 April 2006, the benchmark was UBS Global Real Estate Investors Total Return Index.
- (2) With effect from 17 October 2011, the Fund (formerly known as “DBS Global Property Securities Fund”) has been renamed as Nikko AM Shenton Global Property Securities Fund.

The following changes were made to the Fund with effect from 24 August 2015:

- a. the sub-manager of the Fund was changed from CenterSquare Investment Management, Inc (“CSIM”) to Adelante Capital Management LLC (“ACM”);
- b. the base currency of the Fund was changed from the Singapore dollar (“SGD”) to United States dollar (“USD”)

With effect from 30 September 2016, the Fund had ceased to accept new or further subscriptions for units of the fund (including Regular Savings Plan subscriptions and requests for exchanges for or conversions into units of the fund) using CPF monies.

**Portfolio Review*****Fund gained 2.40%, outperforming its benchmark by 0.78%***

The Nikko AM Shenton Global Property Securities Fund (the “Fund”) gained 2.40% (in SGD terms, on NAV-NAV basis) over the six-month period ended 31 December 2016, outperforming the benchmark S&P Global REIT Index which returned 1.62% (in SGD terms) over the same period.

Relative performance was positive in Asia. Rising sovereign bond yields weighed on Asian markets, much as they did in other regions. The rise in rates in Japan was limited partially by the Bank of Japan (BOJ)’s decision at its September meeting to peg the yield on its 10-year bonds near 0%. To prevent the yield, which was already slightly negative, from rising much above its target, the BOJ was forced to effectively print money to buy bonds. This put pressure on the Yen, which depreciated 12.4% versus the USD in the period. While the weaker Yen was a positive for Japan’s export oriented economy, it affected USD returns. The Fund’s outperformance in Asia was mostly attributable to its exposure to Japan, notably its weighting towards property companies over J-REITs. The Fund’s property company holdings materially outperformed the J-REITs in the period, delivering local currency returns ranging from 13.9% to 24.6% versus 2.5% for the J-REITs. Stock selection in Hong Kong also contributed to performance, with Hong Kong property companies also outperforming Hong Kong REITs in the period.

Conversely, the Fund underperformed in North America and Europe. After a post-Brexit bounce in July, property security prices were under pressure for a good part of the remainder of the period. Concern over rising interest rates affected sentiment for property securities with the yield on the US 10-year Treasury rising 97 bps over the 6-month period to end the year at 2.44%. While there was some uncertainty ahead of the US election, the outcome in which Donald Trump defeated Hillary Clinton caught most by surprise. Trump’s plans to shake things up with tax cuts/reforms, less regulation and fiscal stimulus suddenly made markets more optimistic on the economy and accelerated the move up in interest rates in November. With interest rates stabilising in December, property security prices were able to rebound and end the year on a positive note. The relative underperformance for the period

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in North America was driven primarily by stock selection in the US. The Fund's largest US exposure, Simon Property Group, was weak in the second half of the year as general market sentiment for regional malls was hurt by the continued growth of e-commerce retail sales and weakness among US department stores. This was partially offset by the Fund's underweight exposure to Mexico. Property securities in Mexico underperformed the Index by a wide margin in the period as president-elect Trump's anti NAFTA/Mexico rhetoric caused a sharp decline in Mexican security prices post-election.

The relative underperformance in Europe was primarily attributable to the Fund's overweight exposure to Germany, which lagged the Index. German property securities reacted negatively to the rise in the yield for the 10-year German Bund during the period, which rose 32 bps to end the year at 0.20%. Additionally, the Fund's underweight exposure to South Africa, which outperformed the Index, was a drag on performance in the period.

## **Market Review**

### ***Global property securities fell in USD terms amid significant volatility***

Global property securities experienced a volatile second half of 2016 following the surprise outcome of the UK's Brexit referendum vote in late June. Following a post-Brexit bounce in July, property security prices were under pressure for a good part of the second half of the year as the global rise in sovereign bond yields adversely affected sentiment. The surprise election of Donald Trump in the US presidential election in November improved the sentiment on the US economy, only serving to increase the likelihood that the days of accommodative monetary policy in the US were nearing an end and that interest rates were heading up in 2017. The ripple effect on sovereign bond yields elsewhere around the world was notable. While the total return for property securities was negative in USD terms for the second half of the year, returns for the full year were still positive. It was clearly a year full of volatility with many twists and turns (such as China growth scares, Brexit, US election, interest rates and monetary policy). For all of 2016, Asia and North America delivered USD total returns of +12.3% and +8.4%, respectively, while Europe was most impacted by the UK's mid-year Brexit referendum vote and had a total return of -8.3%.

## **Market Outlook & Strategy**

### ***Uncertainty and caution are consistent themes going into 2017***

Looking ahead to 2017, uncertainty and caution have become consistent themes across the globe. As the US prepares to inaugurate president-elect Trump, markets now are anticipating rising interest rates, experiencing rising wages, seeking tax cuts, regulatory reforms and fiscal stimulus. The likelihood of tighter monetary policy in the US will place added pressure on other central banks (the Bank of Japan and European Central Bank), whose policies may continue to diverge. Just as the US political landscape is transitioning from Democrat to Republican, elections elsewhere around the world will contribute local market volatility in the year ahead. Europe had the surprise outcome of the UK's Brexit referendum vote and must now prepare for major general elections in Germany, France and the Netherlands. Shifting sentiment on China's growth outlook, as well as the potential of protectionist trade policies from the US may also create uncertainty within Asia.

### ***Stronger US economic data, slowing China and Brexit have contributed to portfolio changes***

Over the past 12 months, a swell of sentiment concerns leading into the November US election has masked the underlying strength of the economy, renewed optimism and new hopes for tax and regulatory reform, which has lifted share prices since the election. The signs of deflation will lead

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to closer watch of the Federal Reserve's meetings and actions on interest rates over 2017. We have been shortening the portfolio's lease duration by shifting property sectors – Healthcare (interest rate sensitive and oversupply concerns) to Industrial REITs (strengthening demand from logistics and e-commerce tenants as occupancies and rental rates rise). As a response to China's slowing economy, we eliminated Global Logistics Properties and Taubman Centers, which both have active development footprints in China, and allocated the proceeds to existing US and Australian holdings. With regard to Brexit, currency and falling share prices hit UK property companies hardest. The Fund was slightly underweight the UK ahead of the referendum and exposure has been further reduced subsequent to the referendum. Heading into 2017, we have further reduced the Fund's exposure to London office.

***Fund positioned to be region neutral and alpha to be driven by stock selection***

The Fund is positioned to be region neutral and structured to generate alpha through stock selection. Individual holdings are a function of Adelante's value orientation, focusing heavily on any discrepancies between the private market value of the underlying assets and the public market valuation. Further emphasis is placed on high quality asset portfolios, strong balance sheets and stable cash flows. As at 31 December 2016, the Fund held 53 stocks. Regional weights as at the end of the period were: North America 66.2%, Asia 19.7% and Europe 12.0%. Cash held represented 2.1% of the Fund.



## IMPORTANT INFORMATION

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This document is for information only with no consideration given to the specific investment objective, financial situation and particular needs of any specific person. Any securities mentioned herein are for illustration purposes only and should not be construed as a recommendation for investment. You should seek advice from a financial adviser before making any investment. In the event that you choose not to do so, you should consider whether the investment selected is suitable for you. Investments in unit trusts are not deposits in, obligations of, or guaranteed or insured by Nikko Asset Management Asia Limited (**"Nikko AM Asia"**).

**Past performance or any prediction, projection or forecast is not indicative of future performance.** The funds may use or invest in financial derivative instruments. The value of units and income from them may fall or rise. Investments in the funds are subject to investment risks, including the possible loss of principal amount invested. You should read the relevant prospectus and product highlights sheet obtainable from appointed distributors of Nikko AM Asia or our website ([www.nikkoam.com.sg](http://www.nikkoam.com.sg)) before investing.

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The CPF interest rate for the Ordinary Account ("OA") is based on the 12-month fixed deposit and month-end savings rates of major local banks, subject to a minimum 2.5% interest per annum. The interest rate for Special, Medisave and Retirement Accounts ("SMRA") is pegged to the 12-month average yield of 10-year Singapore Government Securities yield plus 1%. A 4% floor rate will be maintained for interest earned on SMRA until 31 December 2016, after which a 2.5% minimum rate will apply. An extra 1% interest is paid on the first S\$60,000 of a member's combined balances, including up to S\$20,000 in the OA. The first S\$20,000 in the OA and the first S\$40,000 in the Special Account ("SA") cannot be invested under the CPF Investment Scheme ("CPFIS").

### For Hong Kong Investors

The fund is offered only to professional investors and is not authorized by the Securities and Futures Commission in Hong Kong. The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to this document. If you are in any doubt about any of the contents, you should obtain independent professional advice.

Nikko Asset Management Asia Limited. Registration Number 198202562H

## SOFT DOLLAR COMMISSIONS/ARRANGEMENTS

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### Appointment of soft dollar brokers

The Managers will only appoint soft dollar brokers onto their broker panel after they have ensured that:

- a) full disclosure of the practice of accepting soft dollars is made;
- b) the commission rates charged are comparable with the market rates;
- c) there is no conflict of interest;
- d) the soft dollar credits are used only for clearly defined services;
- e) at all times trades are executed through the respective brokers only on the basis of best execution regardless whether soft dollar benefits will accrue. Best execution shall include competitive prices with smooth execution ability; and
- f) relevant regulations and guidelines are complied with.

The procedures for the appointment of the brokers shall be no different from that of normal full service brokers.

### Execution and allocation

If the Trustee objects to the use of the soft dollar brokers, the trades of the Fund shall be segregated from the rest of the trades that are executed through the relevant soft dollar broker(s). The Managers will execute trades for such accounts only with authorised full service brokers.

It is the responsibility of the Managers to ensure that the allocation quotas are adhered to. In addition, the Managers will monitor the execution ability of the soft dollar brokers and assign the business strictly on a "best execution" basis.

Subject to the provisions of the Code\*, in their management of the Fund, the Managers may receive soft dollar commissions from, or may enter into soft dollar arrangements with, stockbrokers who execute trades on behalf of the Fund and the soft dollars received would be restricted to the following kinds of services:

- a) specific advice as to the advisability of dealing in, or of the value of any investments;
- b) research and advisory services;
- c) economic and political analysis;
- d) portfolio analysis including valuation and portfolio measurements;
- e) market analysis;
- f) data and quotation services;
- g) computer hardware or software that are used to support the investment decision making process, the giving of advice, or the conduct of research or analysis; and
- h) custodial services in relation to the investments managed for clients.

The following are, however, prohibited:

- a) travel, accommodation and entertainment expenses;
- b) general administrative goods and services including office equipment and premises;
- c) membership fees;
- d) employee salaries;
- e) direct money payments / rebates.

The Managers will retain the records of the payments made using soft dollar commissions.

Subject to the provisions of the Code, the Sub-Managers of the Nikko AM Asia Investment Funds – Nikko AM Shenton Global Property Securities Fund (the "Fund") may receive soft-dollar commissions from, or may enter into soft dollar arrangements with, stockbrokers who execute trades on behalf of the Fund. However, in any such arrangement, the Sub-Managers of the Fund will abide by the restrictions and prohibitions set out in the paragraph above.

The Managers and the Sub-Managers of the Fund will not accept or enter into soft-dollar commissions/arrangements unless:

- such soft-dollar commissions / arrangements would in the opinion of the Managers / Sub-Managers, assist the Managers / Sub-Managers in their management of the Fund;
- the Managers / Sub-Managers shall ensure at all times that best execution is carried out for the transactions; and
- no unnecessary trades are entered into in order to qualify for such soft-dollar commissions / arrangements.

The Managers and the Sub-Managers of the Fund will comply with applicable regulatory and industry standards on soft dollars.

\* The "**Code**" means the Code on Collective Investment Schemes issued by the Authority pursuant to the Securities and Futures Act, as may be amended, modified, or supplemented from time to time by the Authority.

**NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial period from 01 July 2016 to 31 December 2016 (unaudited)*

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	<b>31 December 2016</b>	31 December 2015
	<b>US\$</b>	US\$
<b>Income</b>		
Dividends	<b>279,564</b>	296,298
Interest on cash and bank balances	<b>2</b>	88
Other income	<b>32</b>	30,426
	<hr/> <b>279,598</b>	326,812
<b>Less: Expenses</b>		
Management fee	<b>130,788</b>	143,716
Management fee rebate	<b>-</b>	(9,000)
Registrar fee	<b>16,263</b>	10,302
Trustee fee	<b>3,398</b>	3,837
Custody fee	<b>1,250</b>	1,051
Audit fee	<b>5,356</b>	5,720
Valuation fee	<b>3,823</b>	5,466
Transaction costs	<b>24,870</b>	58,703
Other expenses	<b>25,728</b>	36,166
	<hr/> <b>211,476</b>	255,961
<b>Net income</b>	<hr/> <b>68,122</b>	70,851
<b>Net gains or losses on value of investments</b>		
Net (losses)/gains on investments	<b>(790,909)</b>	161,998
Net foreign exchange losses	<b>(16,499)</b>	(58,916)
	<hr/> <b>(807,408)</b>	103,082
<b>Total (deficit)/return for the financial period before income tax</b>	<b>(739,286)</b>	173,933
<b>Less: Income tax</b>	<b>(69,909)</b>	(74,871)
<b>Total (deficit)/return for the financial period after income tax</b>	<hr/> <b>(809,195)</b>	99,062

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**NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND**  
(Constituted under a Trust Deed registered in the Republic of Singapore)

**STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2016 (unaudited)

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	31 December 2016 US\$	30 June 2016 US\$
<b>ASSETS</b>		
Portfolio of investments	15,814,998	18,287,529
Receivables	47,536	78,214
Cash and bank balances	279,919	441,492
<b>Total assets</b>	<b>16,142,453</b>	<b>18,807,235</b>
<b>LIABILITIES</b>		
Payables	140,104	85,405
Purchases awaiting settlement	-	90,571
Distribution payable	106,937	124,359
<b>Total liabilities</b>	<b>247,041</b>	<b>300,335</b>
<b>EQUITY</b>		
Net assets attributable to unitholders	<b>15,895,412</b>	<b>18,506,900</b>

**NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial period from 01 July 2016 to 31 December 2016 (unaudited)*

	<b>31 December 2016</b> <b>US\$</b>	30 June 2016 US\$
<b>Net assets attributable to unitholders at the beginning of the financial period/year</b>	<b>18,506,900</b>	19,049,195
Translation losses arising from change in functional and presentation currency	-	(796,069)
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	<b>(809,195)</b>	2,361,164
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	<b>1,211,658</b>	4,044,684
Cancellation of units	<b>(2,787,417)</b>	(5,653,405)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	<b>(1,575,759)</b>	(1,608,721)
Distributions	<b>(226,534)</b>	(498,669)
Total (decrease)/increase in net assets attributable to unitholders	<b>(2,611,488)</b>	253,774
<b>Net assets attributable to unitholders at the end of the financial period/year</b>	<b>15,895,412</b>	18,506,900

**NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2016 (unaudited)***By Geography (Primary)**

	Holdings at 31 December 2016	Fair value at 31 December 2016 US\$	Percentage of total net assets attributable to unitholders at 31 December 2016 %
<b>Quoted Equities</b>			
<b>BERMUDA ISLANDS</b>			
Hongkong Land Holdings Limited	4,805	30,416	0.19
<b>Total BERMUDA ISLANDS</b>		<b>30,416</b>	<b>0.19</b>
<b>CAYMAN ISLANDS</b>			
Cheung Kong Property Holdings Limited	21,000	128,793	0.81
<b>Total CAYMAN ISLANDS</b>		<b>128,793</b>	<b>0.81</b>
<b>GERMANY</b>			
Deutsche Wohnen AG	10,626	336,121	2.11
<b>Total GERMANY</b>		<b>336,121</b>	<b>2.11</b>
<b>HONG KONG SAR</b>			
Hysan Development Company Limited	15,000	62,007	0.39
Sun Hung Kai Properties Limited	41,000	518,240	3.26
<b>Total HONG KONG SAR</b>		<b>580,247</b>	<b>3.65</b>
<b>JAPAN</b>			
Mitsubishi Estate Company Limited	22,000	439,019	2.76
Mitsui Fudosan Company Limited	30,000	695,760	4.38
Sumitomo Realty & Development Company Limited	1,000	26,630	0.17
<b>Total JAPAN</b>		<b>1,161,409</b>	<b>7.31</b>
<b>NETHERLANDS</b>			
Interxion Holding NV	9,730	341,328	2.15
<b>Total NETHERLANDS</b>		<b>341,328</b>	<b>2.15</b>
<b>UNITED STATES OF AMERICA</b>			
Hilton Worldwide Holdings Incorporated	8,785	238,952	1.50
Marriott International Incorporation	3,060	253,001	1.59
<b>Total UNITED STATES OF AMERICA</b>		<b>491,953</b>	<b>3.09</b>
<b>Total Quoted Equities</b>		<b>3,070,267</b>	<b>19.31</b>

**NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2016 (unaudited)*

By Geography (Primary) (continued)

	Holdings at 31 December 2016	Fair value at 31 December 2016 US\$	Percentage of total net assets attributable to unitholders at 31 December 2016 %
<b>Quoted Real Estate Investment Trusts</b>			
<b>AUSTRALIA</b>			
Dexus Property Group	47,270	329,283	2.07
Investa Office Fund	44,315	151,461	0.95
Scentre Group	100,471	337,573	2.12
Viva Energy REIT	75,485	131,184	0.83
Westfield Corporation	31,710	215,381	1.36
<b>Total AUSTRALIA</b>		<b>1,164,882</b>	<b>7.33</b>
<b>BRITAIN</b>			
Derwent London Public Listed Company	2,900	99,331	0.63
Great Portland Estates Public Listed Company	11,773	97,249	0.61
Land Securities Group Public Listed Company	9,222	121,472	0.76
Safestore Holdings Public Listed Company	25,746	111,346	0.70
Segro Public Listed Company	42,940	243,062	1.53
<b>Total BRITAIN</b>		<b>672,460</b>	<b>4.23</b>
<b>FRANCE</b>			
Gecina SA	2,020	280,067	1.77
Unibail-Rodamco SE	1,890	452,021	2.84
<b>Total FRANCE</b>		<b>732,088</b>	<b>4.61</b>
<b>GERMANY</b>			
Alstria Office REIT-AG	15,470	194,335	1.22
<b>Total GERMANY</b>		<b>194,335</b>	<b>1.22</b>
<b>HONG KONG SAR</b>			
Link REIT	9,500	61,755	0.39
<b>Total HONG KONG SAR</b>		<b>61,755</b>	<b>0.39</b>
<b>SINGAPORE</b>			
Capitaland Mall Trust	45,290	59,093	0.37
<b>Total SINGAPORE</b>		<b>59,093</b>	<b>0.37</b>

**NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2016 (unaudited)***By Geography (Primary) (continued)**

	Holdings at 31 December 2016	Fair value at 31 December 2016 US\$	Percentage of total net assets attributable to unitholders at 31 December 2016 %
<b>Quoted Real Estate Investment Trusts (continued)</b>			
<b>UNITED STATES OF AMERICA</b>			
Alexandria Real Estate Equities Incorporated	2,745	305,052	1.92
American Assets Trust Incorporated	4,575	197,091	1.24
American Tower Corporation	2,695	284,835	1.79
Apartment Investment & Management Company	10,930	496,769	3.13
Colony Starwood Homes	3,035	87,438	0.55
Corporate Office Properties Trust	6,380	199,184	1.25
DCT Industrial Trust Incorporated	6,200	296,856	1.87
Duke Realty Corporation	12,420	329,875	2.08
Equinix Incorporated	966	345,374	2.17
Equity Residential	5,990	385,516	2.43
Essex Property Trust Incorporated	2,145	498,906	3.14
Extra Space Storage Incorporated	4,550	351,442	2.21
General Growth Properties Incorporated	8,920	222,822	1.40
Healthcare Trust Of America Incorporated	11,265	327,586	2.06
Kilroy Realty Corporation	5,545	406,005	2.55
Kimco Realty Corporation	10,695	269,193	1.69
National Retail Properties Incorporated	4,430	195,806	1.23
Prologis Incorporated	12,630	666,738	4.20
Public Storage	2,905	648,803	4.08
Realty Income Corporation	3,685	211,814	1.33
Regency Centers Corporation	5,935	409,278	2.58
Retail Opportunity Investments Corporation	16,295	344,476	2.17
Simon Property Group Incorporated	4,780	850,792	5.35
Sun Communities Incorporated	2,510	192,341	1.21
Ventas Incorporated	4,890	305,723	1.92
Vornado Realty Trust	4,550	474,884	2.99
Welltower Incorporated	8,300	555,519	3.49
<b>Total UNITED STATES OF AMERICA</b>		<b>9,860,118</b>	<b>62.03</b>
<b>Total Quoted Real Estate Investment Trusts</b>		<b>12,744,731</b>	<b>80.18</b>
<b>Portfolio of investments</b>		<b>15,814,998</b>	<b>99.49</b>
<b>Other net assets</b>		<b>80,414</b>	<b>0.51</b>
<b>Net assets attributable to unitholders</b>		<b>15,895,412</b>	<b>100.00</b>



**NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENT OF PORTFOLIO**  
*As at 31 December 2016 (unaudited)*

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<b>By Geography (Summary)</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2016 %</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2016 %</b>
<b>Quoted Equities</b>		
Bermuda Islands	0.19	-
Cayman Islands	0.81	-
Germany	2.11	2.02
Hong Kong SAR	3.65	5.58
Japan	7.31	6.38
Netherlands	2.15	1.42
United States of America	3.09	3.59
<b>Total Quoted Equities</b>	<b>19.31</b>	<b>18.99</b>
<b>Quoted Real Estate Investment Trusts</b>		
Australia	7.33	5.74
Britain	4.23	4.24
France	4.61	4.48
Germany	1.22	0.47
Hong Kong SAR	0.39	1.80
Japan	-	0.84
Singapore	0.37	0.47
United states of America	62.03	61.78
<b>Total Quoted Real Estate Investment Trusts</b>	<b>80.18</b>	<b>79.82</b>
<b>Portfolio of investments</b>	<b>99.49</b>	<b>98.81</b>
<b>Other net assets</b>	<b>0.51</b>	<b>1.19</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### STATEMENT OF PORTFOLIO

As at 31 December 2016 (unaudited)

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#### By Industry (Secondary)

	Fair value at 31 December 2016 US\$	Percentage of total net assets attributable to unitholders at 31 December 2016 %	Percentage of total net assets attributable to unitholders at 30 June 2016 %
Healthcare-Services	-	-	1.00
Lodging	491,953	3.09	2.59
Real Estate Companies	2,236,986	14.07	13.99
Real Estate Investment Trusts	12,744,731	80.18	79.82
Software	341,328	2.15	1.41
<b>Portfolio of investments</b>	<b>15,814,998</b>	<b>99.49</b>	<b>98.81</b>
<b>Other net assets</b>	<b>80,414</b>	<b>0.51</b>	<b>1.19</b>
<b>Net assets attributable to unitholders</b>	<b>15,895,412</b>	<b>100.00</b>	<b>100.00</b>

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## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### REPORT TO UNITHOLDERS

For the financial period from 01 July 2016 to 31 December 2016 (unaudited)

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The following contains additional information relating to the Fund.

#### 1. Distribution of investments

Please refer to the Statement of Portfolio on pages 11 to 15.

#### 2. Credit rating of debt securities

Nil.

#### 3. Top 10 holdings

##### 10 Largest holdings at 31 December 2016

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Simon Property Group Incorporated	850,792	5.35
Mitsui Fudosan Company Limited	695,760	4.38
Prologis Incorporated	666,738	4.20
Public Storage	648,803	4.08
Welltower Incorporated	555,519	3.49
Sun Hung Kai Properties Limited	518,240	3.26
Essex Property Trust Incorporated	498,906	3.14
Apartment Investment & Management Company	496,769	3.13
Vornado Realty Trust	474,884	2.99
Unibail-Rodamco SE	452,021	2.84

##### 10 Largest holdings at 31 December 2015

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Simon Property Group Incorporation	1,286,862	6.84
Public Storage	940,059	5.00
Equity Residential	922,557	4.90
Avalonbay Communities Incorporation	770,249	4.09
Essex Property Trust Incorporation	663,415	3.53
Mitsui Fudosan Company Limited	635,105	3.38
Welltower Incorporation	610,390	3.24
Boston Properties Incorporation	538,856	2.86
Westfield Corporation	523,126	2.78
Prologis Incorporation	513,967	2.73

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**NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**REPORT TO UNITHOLDERS**

*For the financial period from 01 July 2016 to 31 December 2016 (unaudited)*

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**4. Exposure to financial derivatives**

Nil.

**5. Global exposure to financial derivatives**

Nil.

**6. Collateral**

Nil.

**7. Securities lending or repurchase transactions**

Nil.

**8. Investment in unit trusts, mutual funds and collective investment schemes**

Please refer to the Statement of Portfolio on pages 11 to 15.

**9. Borrowings**

Nil.

**10. Amount of units created and cancelled for the financial period ended 31 December 2016**

**US\$**

Units created	1,211,658
Units cancelled	(2,787,417)

**11. Turnover ratio**

		<b>31 December 2016</b>	31 December 2015
Lower of total value of purchases or sales	US\$	<b>5,560,726</b>	12,210,872
Average daily net asset value	US\$	<b>17,256,258</b>	18,977,441
<b>Total turnover ratio</b> <sup>Note</sup>	%	<b>32.22</b>	64.34

Note: The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, divided by the average daily net asset value. In line with Statement of Recommended Accounting Practice 7 "Reporting framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants of Singapore in June 2012, total value of purchases or sales for the current year do not include brokerage and other transaction costs.

## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### REPORT TO UNITHOLDERS

For the financial period from 01 July 2016 to 31 December 2016 (unaudited)

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#### 12. Expense ratio

		<b>31 December 2016</b>	31 December 2015
<b>SGD Class</b>			
Total operating expenses	US\$	<b>295,094</b>	366,841
Average daily net asset value	US\$	<b>16,670,494</b>	18,851,422
<b>Total expense ratio</b> <sup>Note</sup>	%	<b>1.77</b>	1.95
<hr/>			
		<b>31 December 2016</b>	31 December 2015
<b>USD Class</b>			
Total operating expenses	US\$	<b>18,100</b>	23,817
Average daily net asset value	US\$	<b>1,022,516</b>	1,223,921
<b>Total expense ratio</b> <sup>Note</sup>	%	<b>1.77</b>	1.95
<hr/>			

Note: The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at financial year end was based on total operating expenses divided by the average net asset value for the year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

#### 13. Related party transactions

The Manager of the Fund is Nikko Asset Management Asia Limited, a subsidiary of Nikko Asset Management International Limited. The Trustee of the Fund is BNP Paribas Trust Services Singapore Limited (the "Trustee").

Management fee is payable to the Manager. Registrar fee and trustee fee are payable to the Trustee. Custody fee and valuation fee are payable to a related company of the Trustee, BNP Paribas Securities Services Singapore Branch.

In addition to related party information shown elsewhere in the financial statements (including the Statement of Portfolio), the following significant transactions took place during the financial period between the Fund and a related party at terms agreed between the parties and within the provisions of the Deed:

	<b>31 December 2016</b>	30 June 2016
	<b>US\$</b>	US\$
Bank balances held with related party of the Trustee	<b>279,919</b>	441,492
<hr/>		

#### 14. Any other material information that will adversely impact the valuation of the fund

Nil.

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Intermediaries Hotline: 1800 535 8025 / 65 6535 8025  
Website: [www.nikkoam.com.sg](http://www.nikkoam.com.sg)

Company registration number 198202562H



# ANNUAL REPORT

For the financial year ended 30 June 2016

## Nikko AM Shenton Global Property Securities Fund

### **MANAGERS**

Nikko Asset Management Asia Limited  
12 Marina View, #18-02, Asia Square Tower 2,  
Singapore 018961  
Company Registration No. 198202562H

### **DIRECTORS**

Lim Say Boon  
Lim Soon Chong  
Andrew Ross Long  
Seet Oon Hui Eleanor  
David Jonathan Semaya  
Yu-Ming Wang

### **TRUSTEE & REGISTRAR**

BNP Paribas Trust Services Singapore Limited  
20 Collyer Quay, #01-01  
Singapore 049319

### **AUDITORS**

PricewaterhouseCoopers LLP  
8 Cross Street, #17-00 PWC Building  
Singapore 048424

### **CUSTODIAN**

BNP Paribas Securities Services, Singapore Branch  
20 Collyer Quay, #01-01  
Singapore 049319

This report is also available on our website ([www.nikkoam.com.sg](http://www.nikkoam.com.sg))

## PERFORMANCE SUMMARY

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Benchmark <sup>1</sup>	4.42	6.00	16.50	13.11	11.75	9.73	11.30
Nikko AM Shenton Global Property Securities Fund (S\$) <sup>2</sup>	1.94	-0.19	8.73	9.22	8.22	1.80	3.09

Source: © 2016 Morningstar. All Rights Reserved. & Nikko Asset Management Asia Limited, returns as at 30 June 2016. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for periods in excess of 1 year are annualised. Past performance is not indicative of future performance.

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Benchmark <sup>1</sup>	4.42	6.00	16.50	13.11	11.75	9.73	11.30
Nikko AM Shenton Global Property Securities Fund (S\$) <sup>2</sup>	-3.16	-5.18	3.30	7.36	7.12	1.28	2.62

Source: © 2016 Morningstar. All Rights Reserved. & Nikko Asset Management Asia Limited, returns as at 30 June 2016. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Benchmark <sup>1</sup>	4.48	11.73	16.56	10.89	9.71	11.52	13.39
Nikko AM Shenton Global Property Securities Fund (US\$) <sup>2</sup>	2.07	5.30	8.86	7.11	6.25	3.44	4.96

Source: © 2016 Morningstar. All Rights Reserved. & Nikko Asset Management Asia Limited, returns as at 30 June 2016. Returns are calculated on a NAV-NAV basis, USD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for periods in excess of 1 year are annualised. Past performance is not indicative of future performance.

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Benchmark <sup>1</sup>	4.48	11.73	16.56	10.89	9.71	11.52	13.39
Nikko AM Shenton Global Property Securities Fund (US\$) <sup>2</sup>	-3.04	0.03	3.42	5.29	5.17	2.91	4.48

Source: © 2016 Morningstar. All Rights Reserved. & Nikko Asset Management Asia Limited, returns as at 30 June 2016. Returns are calculated on a NAV-NAV basis, USD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

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## **Inception Date: 11 April 2005**

### **Note:**

- (1) Benchmark was changed to S&P Global REIT Net Total Return Index with effect from 1 April 2015. Prior to 1 April 2015, the benchmark was UBS Global Real Estate Investors Total Return Index. Prior to 1 March 2010, the benchmark was Yield Component of UBS Global Real Estate Investors Total Return Index. Prior to 1 April 2006, the benchmark was UBS Global Real Estate Investors Total Return Index.
- (2) With effect from 17 October 2011, the Fund (formerly known as “DBS Global Property Securities Fund”) has been renamed as Nikko AM Shenton Global Property Securities Fund.

The following changes were made to the Fund with effect from 24 August 2015 (the “Effective Date”):

- a. the sub-manager of the Fund was changed from CenterSquare Investment Management, Inc (“CSIM”) to Adelante Capital Management LLC (“ACM”);
- b. a. the base currency of the Fund was changed from the Singapore dollar (“SGD”) to United States dollar (“USD”)

## **Portfolio Review**

### ***Fund gained 8.73%, underperforming the reference benchmark***

The Nikko AM Shenton Global Property Securities Fund (the “Fund”) gained 8.73% (in SGD terms, on NAV-NAV basis) over the 12-month period ended 30 June 2016, underperforming the benchmark S&P Global REIT Index which returned 16.50% (in SGD terms) over the same period.

The Fund’s underperformance was attributable to the relative overweight of property companies versus REITs in the Japan and Hong Kong markets. In Japan, J-REITs benefited from the Bank of Japan’s asset purchase programs and its decision to move to negative interest rates in early 2016. These drove up prices of J-REITs where the valuation gap between the operating companies and J-REITs is now at its widest level since the Global Financial Crisis. Likewise, in Hong Kong, REITs continued to outperform property companies.

In US, amidst investors’ preference for property sectors with secular growth thesis, the Fund reported weak relative showing in light of its biasness towards value stocks. In Europe, the Fund’s exposure to the German residential sector was the bright spot, benefiting from favorable operating fundamentals as well as lower yield.

## **Market Outlook & Strategy**

### ***Benign interest rate environment and favorable supply-demand dynamic should benefit REITs***

Broadly speaking, the global macroeconomic backdrop is REIT-friendly. While the pace of economic growth globally remains uncertain, it remains positive in most markets and continues to be a driver for real estate demand. The interest rate environment is benign and is expected to remain so in the near term. Given the favorable supply-demand dynamic following the Great Recession, commercial real estate is offering compelling same-store net operating income growth in most markets and property types. Within the S&P Global REIT Index, there is significant dispersion in premiums and discounts to net asset values (NAV). Some securities, including storage and data center stocks in the US and JREITs in Japan, are trading at significant premiums to NAV while others, such as hotels and CBD office stocks in the US, and Japanese and Hong Kong developers, are trading at significant discounts. The reasons

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for the dislocation in valuation are varied. They include the outperformance of growth/momentum stocks and the influx of generalist investors, due to the impending classification of Real Estate as a sector under the Global Industry Classification Standard (GICS) from its previous position as an industry group within the Financials sector. Other reasons include central bank intervention in Japan and fears of a hard landing in China.

***Fund positioned to be region neutral and alpha to be driven by stock selection***

The Fund is positioned to be region neutral and structured to generate alpha through stock selection. Individual holdings are the result of ACM's value orientation, focusing heavily on any discrepancies between the private market value of the underlying assets and the public market valuation. Further emphasis is placed on high quality asset portfolios, strong balance sheets and stable cash flows. As at 30 June 2016, the Fund held 61 stocks. Regional weights as at the end of the period were: North America 66.1%, Asia 20.6% and Europe 11.1%. Cash held represented 2.2%.

**Market Review**

***Global property securities registered gains amidst a low interest rate climate***

For the period under review, investor sentiment has been mostly volatile and largely driven by a combination of central bank policy and their expected impact on the direction of interest rates, as well as the outlook for global growth. In the latter half of 2015, concerns over slowing growth in China and its impact on the global economy adversely affected the equity markets. Market focus shifted to the U.S. in late 2015 with the Federal Open Market Committee (FOMC) voting in favor of a rate hike for the first time in almost a decade. Equity markets started 2016 on a soft note as concerns over global growth continued to take hold. The Bank of Japan moved to negative interest rates in January, while the European Central Bank ratcheted up its stimulus efforts in March. The FOMC remained on hold for further rate hikes, contrary to initial expectations post the December rate hike. Against this backdrop, real estate securities managed to recover from any short term declines and continued to attract investor interest. In a low growth and low interest rate environment, real estate offers an attractive combination of yield and the potential for long term capital growth.

The Brexit referendum in late June provided an unexpected shock to the market. With the exception of the U.K., most global markets have recovered from the initial post Brexit decline and continued a gradual march upward as the reality of a "lower for longer" interest environment seems increasingly likely.

## IMPORTANT INFORMATION

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This document is for information only with no consideration given to the specific investment objective, financial situation and particular needs of any specific person. Any securities mentioned herein are for illustration purposes only and should not be construed as a recommendation for investment. You should seek advice from a financial adviser before making any investment. In the event that you choose not to do so, you should consider whether the investment selected is suitable for you. Investments in unit trusts are not deposits in, obligations of, or guaranteed or insured by Nikko Asset Management Asia Limited ("**Nikko AM Asia**").

**Past performance or any prediction, projection or forecast is not indicative of future performance.** The funds may use or invest in financial derivative instruments. The value of units and income from them may fall or rise. Investments in the funds are subject to investment risks, including the possible loss of principal amount invested. You should read the relevant prospectus and product highlights sheet obtainable from appointed distributors of Nikko AM Asia or our website ([www.nikkoam.com.sg](http://www.nikkoam.com.sg)) before investing.

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The CPF interest rate for the Ordinary Account ("OA") is based on the 12-month fixed deposit and month-end savings rates of major local banks, subject to a minimum 2.5% interest per annum. The interest rate for Special, Medisave and Retirement Accounts ("SMRA") is pegged to the 12-month average yield of 10-year Singapore Government Securities yield plus 1%. A 4% floor rate will be maintained for interest earned on SMRA until 31 December 2016, after which a 2.5% minimum rate will apply. An extra 1% interest is paid on the first S\$60,000 of a member's combined balances, including up to S\$20,000 in the OA. The first S\$20,000 in the OA and the first S\$40,000 in the Special Account ("SA") cannot be invested under the CPF Investment Scheme ("CPFIS").

### **For Hong Kong Investors**

The fund is offered only to professional investors and is not authorized by the Securities and Futures Commission in Hong Kong. The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to this document. If you are in any doubt about any of the contents, you should obtain independent professional advice.

Nikko Asset Management Asia Limited. Registration Number 198202562H

## SOFT DOLLAR COMMISSIONS/ARRANGEMENTS

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### Appointment of soft dollar brokers

The Managers will only appoint soft dollar brokers onto their broker panel after they have ensured that:

- a) full disclosure of the practice of accepting soft dollars is made;
- b) the commission rates charged are comparable with the market rates;
- c) there is no conflict of interest;
- d) the soft dollar credits are used only for clearly defined services;
- e) at all times trades are executed through the respective brokers only on the basis of best execution regardless whether soft dollar benefits will accrue. Best execution shall include competitive prices with smooth execution ability; and
- f) relevant regulations and guidelines are complied with.

The procedures for the appointment of the brokers shall be no different from that of normal full service brokers.

### Execution and allocation

If the Trustee objects to the use of the soft dollar brokers, the trades of the Fund shall be segregated from the rest of the trades that are executed through the relevant soft dollar broker(s). The Managers will execute trades for such accounts only with authorised full service brokers.

It is the responsibility of the Managers to ensure that the allocation quotas are adhered to. In addition, the Managers will monitor the execution ability of the soft dollar brokers and assign the business strictly on a "best execution" basis.

Subject to the provisions of the Code\*, in their management of the Fund, the Managers may receive soft dollar commissions from, or may enter into soft dollar arrangements with, stockbrokers who execute trades on behalf of the Fund and the soft dollars received would be restricted to the following kinds of services:

- a) specific advice as to the advisability of dealing in, or of the value of any investments;
- b) research and advisory services;
- c) economic and political analysis;
- d) portfolio analysis including valuation and portfolio measurements;
- e) market analysis;
- f) data and quotation services;
- g) computer hardware or software that are used to support the investment decision making process, the giving of advice, or the conduct of research or analysis; and
- h) custodial services in relation to the investments managed for clients.

The following are, however, prohibited:

- a) travel, accommodation and entertainment expenses;
- b) general administrative goods and services including office equipment and premises;
- c) membership fees;
- d) employee salaries;
- e) direct money payments / rebates.

The Managers will retain the records of the payments made using soft dollar commissions.

Subject to the provisions of the Code, the Sub-Managers of the Nikko AM Asia Investment Funds - Nikko AM Shenton Global Property Securities Fund (the "Fund") may receive soft-dollar commissions from, or may enter into soft dollar arrangements with, stockbrokers who execute trades on behalf of the Fund. However, in any such arrangement, the Sub-Managers of the Fund will abide by the restrictions and prohibitions set out in the paragraph above.

The Managers and the Sub-Managers of the Fund will not accept or enter into soft-dollar commissions / arrangements unless:

- such soft-dollar commissions / arrangements would in the opinion of the Managers / Sub-Managers, assist the Managers / Sub-Managers in their management of the Fund;
- the Managers / Sub-Managers shall ensure at all times that best execution is carried out for the transactions; and
- no unnecessary trades are entered into in order to qualify for such soft-dollar commissions / arrangements.

The Managers and the Sub-Managers of the Fund will comply with applicable regulatory and industry standards on soft dollars.

\* The "**Code**" means the Code on Collective Investment Schemes issued by the Authority pursuant to the Securities and Futures Act, as may be amended, modified, or supplemented from time to time by the Authority.

## **NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **REPORT OF THE TRUSTEE**

*For the financial year ended 30 June 2016*

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The Trustee is under a duty to take into custody and hold the assets of Nikko AM Shenton Global Property Securities Fund (the "Fund") in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 10 to 37, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee  
BNP Paribas Trust Services Singapore Limited

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Authorised signatory

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**NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENT BY THE MANAGER**

*For the financial year ended 30 June 2016*

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In the opinion of the directors of Nikko Asset Management Asia Limited, the accompanying financial statements set out on pages 10 to 37, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of Nikko AM Shenton Global Property Securities Fund (the "Fund") as at 30 June 2016, and the total return and changes in unitholders' funds for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager  
Nikko Asset Management Asia Limited

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Authorised signatory

**INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF  
NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

We have audited the accompanying financial statements of Nikko AM Shenton Global Property Securities Fund (the "Fund"), which comprise the Statement of Financial Position and Statement of Portfolio as at 30 June 2016, the Statement of Total Return and Statement of Movements of Unitholders' Funds for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 37.

***Manager's Responsibility for the Financial Statements***

The Fund's Manager (the "Manager") is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 30 June 2016 and the total return for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants.

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants  
Singapore

**NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial year ended 30 June 2016*

	Note	2016 US\$	2015 US\$ (Restated)
<b>Income</b>			
Dividends		661,641	669,395
Interest on cash and bank balances		126	3
Other income		30,426	165
		<u>692,193</u>	<u>669,563</u>
<b>Less: Expenses</b>			
Management fee		279,339	310,409
Management fee rebate		(46,000)	(1,145)
Registrar fee		23,795	25,087
Trustee fee		7,475	8,278
Custody fee		1,637	5,509
Audit fee		10,804	10,777
Valuation fee		9,559	9,312
Transaction costs		80,007	66,499
Other expenses		37,248	20,213
		<u>403,864</u>	<u>454,939</u>
<b>Net income</b>		<u>288,329</u>	<u>214,624</u>
<b>Net gains or losses on value of investments</b>			
Net gains on investments		2,223,584	1,575,315
Net foreign exchange losses		5,828	(31,062)
		<u>2,229,412</u>	<u>1,544,253</u>
<b>Total return for the financial year before income tax</b>		<u>2,517,741</u>	<u>1,758,877</u>
<b>Less: Income tax</b>	3	<u>(156,577)</u>	<u>(152,286)</u>
<b>Total return for the financial year after income tax</b>		<u>2,361,164</u>	<u>1,606,591</u>

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*The accompanying notes form an integral part of these financial statements*

## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	2016 US\$	2015 US\$ (Restated)
<b>ASSETS</b>			
Portfolio of investments		18,287,529	18,450,666
Sales awaiting settlement		-	241,216
Receivables	4	78,214	183,956
Cash and bank balances		441,492	465,980
<b>Total assets</b>		<b>18,807,235</b>	<b>19,341,818</b>
<b>LIABILITIES</b>			
Payables	5	85,405	166,756
Purchases awaiting settlement		90,571	1,724
Distribution payable		124,359	124,143
<b>Total liabilities</b>		<b>300,335</b>	<b>292,623</b>
<b>EQUITY</b>			
Net assets attributable to unitholders	6	18,506,900	19,049,195

*The accompanying notes form an integral part of these financial statements*

**NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial year ended 30 June 2016*

	Note	2016 US\$	2015 US\$ (Restated)
<b>Net assets attributable to unitholders at the beginning of the financial year</b>		<b>19,049,195</b>	20,621,164
<b>Translation losses arising from change in functional and presentation currency</b>		<b>(796,069)</b>	(1,527,715)
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		<b>2,361,164</b>	1,606,591
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		<b>4,044,684</b>	7,231,537
Cancellation of units		<b>(5,653,405)</b>	(8,360,191)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		<b>(1,608,721)</b>	(1,128,654)
Distributions	7	<b>(498,669)</b>	(522,191)
Total increase/(decrease) in net assets attributable to unitholders		<b>253,774</b>	(44,254)
<b>Net assets attributable to unitholders at the end of the financial year</b>	6	<b>18,506,900</b>	19,049,195

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*The accompanying notes form an integral part of these financial statements*

**NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2016***By Geography (Primary)**

	Holdings at 30 June 2016	Fair value at 30 June 2016 US\$	Percentage of total net assets attributable to unitholders at 30 June 2016 %
<b>Quoted Equities</b>			
<b>GERMANY</b>			
Deutsche Wohnen AG	11,031	374,448	2.02
<b>Total GERMANY</b>		<u>374,448</u>	<u>2.02</u>
<b>HONG KONG SAR</b>			
Cheung Kong Property Holdings Limited	45,000	280,744	1.52
Hongkong Land Holdings Limited	5,765	35,109	0.19
Hysan Development Company Limited	48,000	213,149	1.15
Sun Hung Kai Properties Limited	42,000	503,754	2.72
<b>Total HONG KONG SAR</b>		<u>1,032,756</u>	<u>5.58</u>
<b>JAPAN</b>			
Mitsubishi Estate Company Limited	25,000	456,428	2.47
Mitsui Fudosan Company Limited	26,000	590,886	3.19
Sumitomo Realty and Development Company Limited	5,000	134,248	0.72
<b>Total JAPAN</b>		<u>1,181,562</u>	<u>6.38</u>
<b>NETHERLANDS</b>			
Interxion Holding NV	7,125	262,770	1.42
<b>Total NETHERLANDS</b>		<u>262,770</u>	<u>1.42</u>
<b>UNITED STATES OF AMERICA</b>			
Brookdale Senior Living Incorporated	11,970	184,577	1.00
Marriott International Incorporation	2,400	159,504	0.86
Starwood Hotels & Resorts Worldwide Incorporated	4,320	319,507	1.73
<b>Total UNITED STATES OF AMERICA</b>		<u>663,588</u>	<u>3.59</u>
<b>Total Quoted Equities</b>		<u>3,515,124</u>	<u>18.99</u>

*The accompanying notes form an integral part of these financial statements*

## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### STATEMENT OF PORTFOLIO

As at 30 June 2016

#### By Geography (Primary) (continued)

	Holdings at 30 June 2016	Fair value at 30 June 2016 US\$	Percentage of total net assets attributable to unitholders at 30 June 2016 %
<b>Quoted Real Estate Investment Trusts</b>			
<b>AUSTRALIA</b>			
ALE Property Group	14,985	49,095	0.26
Goodman Group	30,079	159,242	0.86
Ingenia Communities Group	43,788	93,576	0.51
Scentre Group	92,526	338,965	1.83
Vicinity Centres	43,915	108,562	0.59
Westfield Corporation	39,360	312,126	1.69
<b>Total AUSTRALIA</b>		<b>1,061,566</b>	<b>5.74</b>
<b>BRITAIN</b>			
Derwent London Public Listed Company	2,575	89,947	0.49
Great Portland Estates Public Listed Company	15,723	131,681	0.71
Hammerson Public Listed Company	17,480	125,716	0.68
Land Securities Group Public Listed Company	12,032	167,117	0.90
Safestore Holdings Public Listed Company	23,861	117,765	0.64
Segro Public Listed Company	27,570	152,840	0.82
<b>Total BRITAIN</b>		<b>785,066</b>	<b>4.24</b>
<b>FRANCE</b>			
Gecina SA	1,455	198,013	1.07
Klepierre	4,953	219,276	1.19
Unibail-Rodamco SE	1,585	411,424	2.22
<b>Total FRANCE</b>		<b>828,713</b>	<b>4.48</b>
<b>GERMANY</b>			
Alstria Office REIT-AG	6,430	86,828	0.47
<b>Total GERMANY</b>		<b>86,828</b>	<b>0.47</b>
<b>HONG KONG SAR</b>			
Link REIT	49,000	333,490	1.80
<b>Total HONG KONG SAR</b>		<b>333,490</b>	<b>1.80</b>
<b>JAPAN</b>			
Japan Logistics Fund Incorporated	40	93,459	0.50
Lasalle Logiport REIT	61	62,374	0.34
<b>Total JAPAN</b>		<b>155,833</b>	<b>0.84</b>
<b>SINGAPORE</b>			
Capitaland Mall Trust	54,985	87,017	0.47
<b>Total SINGAPORE</b>		<b>87,017</b>	<b>0.47</b>

The accompanying notes form an integral part of these financial statements

## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### STATEMENT OF PORTFOLIO

As at 30 June 2016

#### By Geography (Primary) (continued)

	Holdings at 30 June 2016	Fair value at 30 June 2016 US\$	Percentage of total net assets attributable to unitholders at 30 June 2016 %
<b>Quoted Real Estate Investment Trusts (continued)</b>			
<b>UNITED STATES OF AMERICA</b>			
Alexandria Real Estate Equities Incorporated	3,575	370,084	2.00
American Assets Trust Incorporated	6,040	256,338	1.38
American Tower Corporation	4,030	457,848	2.47
Apartment Investment & Management Company	4,055	179,069	0.97
Avalonbay Communities Incorporated	2,040	367,934	1.99
Boston Properties Incorporated	4,150	547,385	2.96
DCT Industrial Trust Incorporated	7,125	342,285	1.85
Duke Realty Corporation	10,300	274,392	1.48
Equinix Incorporated	1,196	463,725	2.51
Equity Residential	7,640	526,243	2.84
Essex Property Trust Incorporated	3,090	704,798	3.81
Extra Space Storage Incorporated	5,025	465,014	2.51
Federal Realty Investment Trust	1,735	287,229	1.55
General Growth Properties Incorporated	8,495	253,406	1.37
Healthcare Trust of America Incorporated	10,680	345,391	1.87
Kilroy Realty Corporation	6,035	400,060	2.16
Monogram Residential Trust Incorporated	27,810	283,940	1.53
Paramount Group Incorporated	12,585	200,605	1.08
Prologis Incorporated	12,755	625,505	3.38
Public Storage	3,345	854,648	4.62
Realty Income Corporation	4,045	280,561	1.52
Regency Centers Corporation	4,455	373,017	2.02
Retail Opportunity Investments Corporation	15,860	343,686	1.86
Simon Property Group Incorporated	5,980	1,297,062	7.01
Store Capital Corporation	8,180	240,901	1.30
Welltower Incorporated	9,095	692,766	3.74
<b>Total UNITED STATES OF AMERICA</b>		<b>11,433,892</b>	<b>61.78</b>
<b>Total Quoted Real Estate Investment Trusts</b>		<b>14,772,405</b>	<b>79.82</b>
<b>Portfolio of investments</b>		<b>18,287,529</b>	<b>98.81</b>
<b>Other net assets</b>		<b>219,371</b>	<b>1.19</b>
<b>Net assets attributable to unitholders</b>		<b>18,506,900</b>	<b>100.00</b>

The accompanying notes form an integral part of these financial statements



## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### STATEMENT OF PORTFOLIO

As at 30 June 2016

By Geography (Summary)	Percentage of total net assets attributable to unitholders at 30 June 2016 %	Percentage of total net assets attributable to unitholders at 30 June 2015 %
<b>Quoted Equities</b>		
Britain	-	1.02
Finland	-	1.06
Germany	2.02	1.04
Hong Kong SAR	5.58	0.86
Japan	6.38	0.59
Norway	-	0.13
Netherlands	1.42	-
Philippines	-	0.53
Sweden	-	0.43
United States of America	3.59	-
<b>Total Quoted Equities</b>	<b>18.99</b>	<b>5.66</b>
<b>Quoted Real Estate Investment Trusts</b>		
Australia	5.74	7.68
Britain	4.24	7.09
Canada	-	1.52
France	4.48	2.65
Germany	0.47	0.46
Hong Kong SAR	1.80	1.92
Japan	0.84	5.69
Netherlands	-	0.18
Singapore	0.47	2.50
United States of America	61.78	61.49
<b>Total Quoted Real Estate Investment Trusts</b>	<b>79.82</b>	<b>91.18</b>
<b>Quoted Derivatives</b>		
Finland	-	0.02
<b>Total Quoted Derivatives</b>	<b>-</b>	<b>0.02</b>
<b>Portfolio of investments</b>	<b>98.81</b>	<b>96.86</b>
<b>Other net assets</b>	<b>1.19</b>	<b>3.14</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

The accompanying notes form an integral part of these financial statements

## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### STATEMENT OF PORTFOLIO

As at 30 June 2016

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By Industry (Secondary)	Fair value at	Percentage of	Percentage of
	30 June 2016	total net assets	total net assets
	US\$	attributable to	attributable to
		unitholders at	unitholders at
		30 June 2016	30 June 2015
		%	%
Healthcare-Services	184,577	1.00	-
Lodging	479,011	2.59	-
Real Estate Companies	2,588,766	13.99	5.68
Real Estate Investment Trusts	14,772,405	79.82	91.18
Software	262,770	1.41	-
<b>Portfolio of investments</b>	<b>18,287,529</b>	<b>98.81</b>	<b>96.86</b>
<b>Other net assets</b>	<b>219,371</b>	<b>1.19</b>	<b>3.14</b>
<b>Net assets attributable to unitholders</b>	<b>18,506,900</b>	<b>100.00</b>	<b>100.00</b>

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*The accompanying notes form an integral part of these financial statements*

## **NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2016*

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

#### **1. General**

Nikko AM Shenton Global Property Securities Fund (the "Fund") is a Singapore domiciled fund, constituted as a sub fund of the Nikko AM Asia Investment Funds, pursuant to the Trust Deed dated 8 March 2000 as amended by Supplemental Deeds and Amended and Restated Deeds (collectively referred to as the "Deeds"). The Deeds are governed by the laws of the Republic of Singapore. The Trustee of the Fund is BNP Paribas Trust Services Singapore Limited (the "Trustee"). The Manager of the Fund is Nikko Asset Management Asia Limited. The Fund is a unit trust included under the Central Provident Fund Investment Scheme ("CPFIS").

As of 30 June 2016, Nikko AM Asia Investment Funds comprise seven separate and distinct sub-funds, namely Nikko AM Shenton Asia Dividend Equity Fund, Nikko AM Shenton Global Property Securities Fund, Nikko AM Shenton Asia Bond Fund, POSB InvestSteady Fund, MyHome Fund - HomeSteady, MyHome Fund - HomeBalanced and MyHome Fund - HomeGrowth.

Only the financial statements of Nikko AM Shenton Global Property Securities Fund is presented in this report.

With effect from 24 August 2015, the functional and presentation currency of the Fund has been changed from Singapore Dollar ("SGD") to United States Dollar ("USD"). The functional and presentation currency was changed to faithfully represent the economic effects of the underlying transactions, events and conditions (such as billing of management fee in USD). On the same date, the sub-manager was changed from CenterSquare Investment Management, Inc to Adelante Capital Management LLC.

There are currently three classes of units established within the Fund, namely the USD Class Units (denominated in USD), the SGD Class Units (denominated in SGD) and the Renminbi ("RMB") Class Units (denominated in RMB).

The classes differ in terms of their class currency and the minimum subscription amounts applicable.

As of 30 June 2016, only units in USD Class and SGD Class have been issued. Investors may subscribe in SGD at the applicable rate of exchange from USD.

During the financial year, the Manager has at its own discretion, chosen to waive a portion of the management fee to absorb certain expenses of the Fund.

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## **NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2016*

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#### **2. Significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below:

(a) Basis of preparation

The financial statements have been prepared under the historical-cost convention, as modified by the revaluation of financial assets held at fair value through profit or loss, and in accordance with the Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” (“RAP 7”) issued by the Institute of Singapore Chartered Accountants.

(b) Recognition of income

Dividend income from investments is recognised when the right to receive payment is established.

Interest income is recognised on a time-proportion basis using the effective interest rate method.

(c) Distributions

The Manager has the absolute discretion to determine whether a distribution is to be made. In such an event, an appropriate amount will be transferred to a distribution account to be paid on the distribution date. The amount shall not be treated as part of the property of the Fund. Distributions are accrued for at the reporting date if the necessary approvals have been obtained and a legal constructive obligation has been created.

## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

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#### 2. Significant accounting policies (continued)

##### (d) Investments

Investments are classified as financial assets at fair value through profit or loss.

##### (i) *Initial recognition*

Purchases of investments are recognised on the trade date. Investments are recorded at fair value on initial recognition.

##### (ii) *Subsequent measurement*

Investments are subsequently carried at fair value. Net changes in fair value on investments are included in the Statement of Total Return in the year in which they arise.

##### (iii) *Derecognition*

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sales of investments are computed on the basis of the difference between the weighted average cost and selling price gross of transaction costs, and are taken up in the Statement of Total Return.

##### (e) Basis of valuation of investments

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The quoted market price used for investments held by the Fund is the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value.

## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

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#### 2. Significant accounting policies (continued)

##### (f) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

##### (g) Foreign currency translation

###### (i) *Functional and presentation currency*

The Fund qualifies as an authorised scheme under the Securities and Futures Act ("SFA") of Singapore and is offered to retail investors in Singapore.

The performance of the Fund is measured and reported to the investors in USD. The Manager considers the USD as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are expressed in USD, which is the Fund's functional and presentation currency.

###### (ii) *Transactions and balances*

Foreign currency monetary assets and liabilities are translated into USD at the rates of exchange prevailing at the date of the Statement of Financial Position. The net unrealised gain or loss is taken to the Statement of Total Return. Transactions during the year are recorded in USD at the rates of exchange ruling on transaction dates. All realised gains or losses are recognised in the Statement of Total Return.

## **NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2016*

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#### **2. Significant accounting policies (continued)**

##### **(h) Financial derivatives**

Financial derivatives are entered into for the purposes of efficient portfolio management, tactical asset allocation or specific hedging of financial assets held as determined by the Manager and in accordance with the provisions of the Deeds.

Financial derivatives outstanding at the end of the financial year are valued at forward rates or at current market prices using the “mark-to-market” method, as applicable, and the resultant gains and losses are taken up in the Statement of Total Return.

#### **3. Income Tax**

The Fund was granted the status of a Designated Unit Trust (DUT) by the Inland Revenue Authority of Singapore. Under the DUT Scheme, subject to certain conditions and reporting obligations being met, certain income of the DUT fund is not taxable in accordance to Section 35(12) and 35(12A) of the Income Tax Act. Such income includes:

- (a) gains or profit derived from Singapore or elsewhere from the disposal of securities;
  - (b) interest (other than interest for which tax has been deducted under section 45 of the Income Tax Act);
  - (c) dividends derived from outside Singapore and received in Singapore;
  - (d) gains or profits derived from foreign exchange transactions, transactions in futures contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities or financial index;
  - (e) discount prepayment fee, redemption premium and break cost from qualifying debt securities issued during the prescribed period; and
  - (f) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.
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**NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND**  
(Constituted under a Trust Deed registered in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 30 June 2016

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**3. Income Tax (continued)**

Income tax for the financial year ended 30 June 2016 and 2015 comprises:

	<b>2016</b> <b>US\$</b>	2015 US\$ (Restated)
Singapore income tax	<b>2,006</b>	2,565
Overseas income tax	<b>154,571</b>	149,721
	<b><u>156,577</u></b>	<u>152,286</u>

The Singapore income tax represents tax deducted at source for Singapore sourced dividends. The overseas income tax represents tax deducted at source on dividends derived from outside Singapore.

**4. Receivables**

	<b>2016</b> <b>US\$</b>	2015 US\$ (Restated)
Receivable from unitholders for creation of units	<b>29,062</b>	104,796
Dividends receivable	<b>49,152</b>	79,160
	<b><u>78,214</u></b>	<u>183,956</u>



## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

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#### 5. Payables

	2016 US\$	2015 US\$ (Restated)
Payable to unitholders for cancellation of units	29,683	64,744
Amount due to the Manager	36,715	80,924
Registrar fee payable	3,044	3,071
Valuation fee payable	2,211	2,428
Trustee fee payable	1,966	2,158
Provision for audit fee	10,846	10,345
Payable on currencies sold	-	13
Custody fee payable	739	2,756
Other payables	201	317
	<b>85,405</b>	<b>166,756</b>

Amount due to the Manager comprises of management fee and is payable to Nikko Asset Management Asia Limited. Trustee fee and registrar fee are payable to BNP Paribas Trust Services Singapore Limited. Valuation fee and custody fee are payable to BNP Paribas Securities Services Singapore Branch.

#### 6. Units in issue

During the year ended 30 June 2016 and 30 June 2015, the numbers of units issued, redeemed and outstanding were as follows:

	2016	2015 (Restated)
Units at beginning of the financial year	30,392,044	32,222,333
Units created	6,324,517	10,485,138
Units cancelled	(8,867,188)	(12,315,427)
Units at end of the financial year*	<b>27,849,373</b>	<b>30,392,044</b>
*Included above are units denominated in SGD	<b>26,295,732</b>	28,556,665
Net assets attributable to unitholders - US\$	<b>18,506,900</b>	19,049,195
Net asset value per unit - US\$	<b>0.665</b>	0.627

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## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

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#### 6. Units in issue (continued)

Distributions are accrued at the reporting date if necessary approvals have been obtained and a legal or constructive obligation has been created, for the purpose of determining the accounting net asset values in the financial statements.

A reconciliation of the net asset attributable to unitholders per the financial statements and the net assets attributable to unitholders for issuing/redeeming units at the financial year end is prepared below:

	<b>2016</b>	2015
	<b>US\$</b>	US\$
		(Restated)
Net assets attributable to unitholders per financial statements per unit	<b>0.665</b>	0.627
Effect of distribution per unit	<b>0.004</b>	0.004
Net assets attributable to unitholders for issuing/redeeming per unit	<b>0.669</b>	0.631

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**NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2016***7. Distributions**

	<b>2016 US\$</b>	2015 US\$ (Restated)
June final distribution of US\$0.45 per 100 units in respect of the financial year ended 30 June 2016	<b>124,359</b>	-
March interim distribution of US\$0.45 per 100 units in respect of the financial year ended 30 June 2016	<b>128,024</b>	-
December interim distribution of US\$0.42 per 100 units in respect of financial year ended 30 June 2016	<b>122,698</b>	-
September interim distribution of US\$0.41 per 100 units in respect of the financial year ended 30 June 2016	<b>123,588</b>	-
June final distribution of S\$0.55 per 100 units in respect of the financial year ended 30 June 2015	-	127,608
March interim distribution of S\$0.55 per 100 units in respect of the financial year ended 30 June 2015	-	133,370
December interim distribution of S\$0.55 per 100 units in respect of financial year ended 30 June 2015	-	131,227
September interim distribution of S\$0.55 per 100 units in respect of the financial year ended 30 June 2015	-	129,986
	<b>498,669</b>	<b>522,191</b>

## **NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2016*

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#### **8. Financial risk management**

The Fund's activities expose it to a variety of risk, including but not limited to market risk (including currency risk, interest rate risk and price risk), liquidity risk and credit risk. The Manager is responsible for the implementation of the overall risk management programme, which seeks to minimise potential adverse effects on the Fund's financial performance. Specific guidelines on exposures to individual securities and certain industries and/or countries are in place as part of the overall financial risk management to reduce the Fund's exposures to these risks.

The Fund's primary objective is to provide investors with medium to long term capital appreciation and to make regular income distributions during the investment period by investing in global listed real estate investment trusts ("REITS") (including business trusts) and the quoted securities of real estate companies or of those traded on a regulated exchange.

The financial instruments are held in accordance with the published investment policies of the Fund and managed accordingly to achieve the investment objectives

##### **(a) Market risk - Price risk**

Price risk is the risk that arises from uncertainties about future prices of financial instruments.

The Fund's investment is substantially dependent on the changes in market prices. The Fund's overall market positions are monitored regularly so as to assess any changes in fundamentals and valuation. However, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the net asset value of the Fund.

The Fund's market price risk is managed through diversification of the investment portfolio across various geographies globally.

As the Fund invests primarily in global property securities, the Manager is of the view that the price risk the Fund is subject to is best reflected by movements in its composite benchmark of S&P Global REIT Index (the "Index").

## **NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2016*

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#### **8. Financial risk management (continued)**

##### **(a) Market risk - Price risk (continued)**

As at 30 June 2016, an increase/decrease of Index by 7% (2015: 10%), with all other variables remaining constant, the net assets attributable to unitholders for the year would increase/decrease by approximately 7% (2015: 10%). The analysis was based on the assumptions that the Index Components within the benchmark increased/decreased by a reasonable possible shift, with all other variables held constant and that the fair value of Fund's investments moved according to the beta. Changes in market index percentage are revised annually depending on management's current view on market volatility and other relevant factors.

##### **(b) Market risk - Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates (fair value risk).

Investment funds that invest in equity securities may be subject to interest rate risk as any interest rate change may affect the equity risk premium though at varying degrees. To manage this risk, the Manager analyses how interest rate changes may affect different industries and securities and then seeks to adjust the Fund's portfolio investments accordingly.

However, the effects of changes in interest rates on the Fund's portfolio may not be quantified as the relationship between the interest rates and the value of equity securities is indirect. Hence, no sensitivity analysis has been presented separately.

##### **(c) Market risk - Currency risk**

Currency risk is the risk that the value of financial instrument will fluctuate due to changes in foreign exchange rates.

To minimise currency risk, the Fund mainly holds its excess cash in its functional currency. For hedging purposes, the Fund may also enter into forward foreign exchange contracts.

## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

#### 8. Financial risk management (continued)

##### (c) Market risk - Currency risk (continued)

The tables below summarise the Fund's exposure to currency risks.

As at 30 June 2016	USD US\$	AUD US\$	SGD US\$	EUR US\$	JPY US\$	GBP US\$	HKD US\$	Other US\$	Total US\$
<b>Assets</b>									
Portfolio of investments	12,395,359	1,061,566	87,017	1,289,989	1,337,395	785,066	1,331,137	-	18,287,529
Receivables	35,434	4,898	29,062	-	-	2,050	6,770	-	78,214
Cash and bank balances	197,232	21,243	216,309	-	5,820	-	92	796	441,492
<b>Total assets</b>	<b>12,628,025</b>	<b>1,087,707</b>	<b>332,388</b>	<b>1,289,989</b>	<b>1,343,215</b>	<b>787,116</b>	<b>1,337,999</b>	<b>796</b>	<b>18,807,235</b>
<b>Liabilities</b>									
Payables	55,722	-	29,683	-	-	-	-	-	85,405
Purchases awaiting settlement	69,734	20,837	-	-	-	-	-	-	90,571
Distributions payable	6,991	-	117,368	-	-	-	-	-	124,359
<b>Total liabilities</b>	<b>132,447</b>	<b>20,837</b>	<b>147,051</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300,335</b>
<b>Net currency exposure</b>	<b>12,495,578</b>	<b>1,066,870</b>	<b>185,337</b>	<b>1,289,989</b>	<b>1,343,215</b>	<b>787,116</b>	<b>1,337,999</b>	<b>796</b>	

## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

#### 8. Financial risk management (continued)

##### (c) Market risk - Currency risk (continued)

As at 30 June 2015 (Restated)	USD US\$	AUD US\$	SGD US\$	EUR US\$	JPY US\$	GBP US\$	HKD US\$	Others US\$	Total US\$
<b>Assets</b>									
Portfolio of investments	11,711,903	1,462,170	476,267	1,030,762	1,199,638	1,544,169	529,467	496,290	18,450,666
Sales awaiting settlement	119,275	-	-	38,228	4,723	78,990	-	-	241,216
Receivables	43,680	17,014	104,796	-	4,909	4,778	7,520	1,259	183,956
Cash and bank balances	36,473	97	380,907	48,503	-	-	-	-	465,980
<b>Total assets</b>	<b>11,911,331</b>	<b>1,479,281</b>	<b>961,970</b>	<b>1,117,493</b>	<b>1,209,270</b>	<b>1,627,937</b>	<b>536,987</b>	<b>497,549</b>	<b>19,341,818</b>
<b>Liabilities</b>									
Payables	-	-	166,756	-	-	-	-	-	166,756
Purchases awaiting settlement	-	-	-	1,724	-	-	-	-	1,724
Distributions payable	-	-	124,143	-	-	-	-	-	124,143
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>290,899</b>	<b>1,724</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>292,623</b>
<b>Net currency exposure</b>	<b>11,911,331</b>	<b>1,479,281</b>	<b>671,071</b>	<b>1,115,769</b>	<b>1,209,270</b>	<b>1,627,937</b>	<b>536,987</b>	<b>497,549</b>	

## **NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2016*

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#### **8. Financial risk management (continued)**

##### **(c) Market risk - Currency risk (continued)**

Portfolio of investments, which is a significant item in the Statement of Financial Position, is exposed to currency risk and other price risk. The Manager has considered the impact of currency risk sensitivity on non-monetary assets as part of the price risk sensitivity analysis.

As of 30 June 2016 and 2015 the Fund does not hold substantial monetary assets/liabilities. Changes in foreign exchange rates on monetary assets/liabilities will not result in a significant change in the net asset value of the Fund. Hence, no separate sensitivity analysis on foreign currency risk has been presented.

##### **(d) Liquidity risk**

Liquidity risk is the risk of loss arising from the inability of the Fund to meet its obligations as and when they fall due without incurring unacceptable cost or losses.

The Fund is exposed to daily cash redemptions from unitholders. However, in accordance with the Fund's prospectus, minimum holdings and minimum redemption size are set.

To manage the liquidity risk, a cash buffer is maintained in the Fund and monitored for minimum cash balances to prevent any extensive disposition of assets which may occur at lower prices and overdraft situations to meet trade settlements and obligations.

The Fund's securities are considered readily realisable, as all the securities are listed on the recognised stock exchanges.

The Fund's financial liabilities are analysed using contractual undiscounted cashflows for maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date. At the year end, all liabilities either payable on demand or are due in less than 3 months. The impact of discounting is not significant.



## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

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#### 8. Financial risk management (continued)

##### (d) Liquidity risk (continued)

	<u>Less than 3 months</u>	
	As at	As at
	30 June 2016	30 June 2015
	US\$	US\$
		(Restated)
Payables	85,405	166,756
Purchases awaiting settlement	90,571	1,724
Distribution payable	124,359	124,143
<b>Contractual cash outflows</b>	<b>300,335</b>	<b>292,623</b>

##### (e) Credit risk

Credit risk is the risk that a counterparty will be unable to fulfil its obligations to the Fund in part or in full as and when they fall due.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties as well as the respective credit limits are approved;
- ensuring there are controls in place to identify and assess the creditworthiness of counterparties and review such controls on a semi-annual basis; and
- ensuring that transactions are undertaken with a large number of counterparties.

All trade settlement with approved counterparties are on Delivery versus Payment and/or Receipt versus Payment basis, with the exception of initial public offerings, new issues and placement transactions.

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#### 8. Financial risk management (continued)

##### (e) Credit risk (continued)

Credit risk arises from cash and bank balances and outstanding and committed transactions with brokers. The table below summarises the credit rating of banks and custodian in which the Fund's assets are held as at 30 June 2016 and 30 June 2015.

	Credit rating 30 June 2016	Credit rating 30 June 2015	Source of credit rating
<b>Bank balance</b>			
- BNP Paribas Securities Services Singapore Branch	A	A+	Standard & Poor's
<b>Custodian</b>			
- BNP Paribas Securities Services Singapore Branch	A	A+	Standard & Poor's

The credit ratings are based on Long-Term Local Issuer Ratings published by the rating agency.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

##### (f) Specific risk of real estate companies

Real estate companies are particularly vulnerable to, inter alia, the local and international economic climate, real estate market conditions such as oversupply or reduced demand for commercial and residential space, changes in market rental rates, depreciation of buildings over time, and increases in property taxes and interest rates.

As real estate investments are relatively illiquid, this affects the ability of a REIT to vary its investment portfolio or liquidate part of its assets in response to changes in economic, real estate market, interest rates or other conditions.

An increase in market interest rates may have an adverse impact on the market price of units in REITs if their annual yields give investors a lower return as compared to other investments.

To manage such risks, the Manager seeks to diversify its investments between asset class i.e. listed real estate companies and REITs, and between securities within each class i.e., residential versus commercial properties, properties situated in different geographical area etc.

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#### 8. Financial risk management (continued)

##### (g) Capital management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

##### (h) Fair value estimation

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 30 June 2016 and 30 June 2015:

##### As at 30 June 2016

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<b>Assets</b>				
Financial assets designated at fair value through profit or loss at inception				
- Quoted equities	3,515,124	-	-	3,515,124
- Quoted real estate investment trusts	14,772,405	-	-	14,772,405
	<b>18,287,529</b>	-	-	<b>18,287,529</b>

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For the financial year ended 30 June 2016

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#### 8. Financial risk management (continued)

##### (h) Fair value estimation (continued)

As at 30 June 2015  
(Restated)

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<b>Assets</b>				
Financial assets				
designated at fair value through profit or loss at inception				
- Quoted equities	1,074,243	-	-	1,074,243
- Quoted real estate investment trusts	17,371,762	-	-	17,371,762
- Quoted derivatives	-	4,661	-	4,661
	<u>18,446,005</u>	<u>4,661</u>	<u>-</u>	<u>18,450,666</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities and listed investment funds. The Fund does not adjust the quoted price for these instruments.

Except for cash and bank balances which are classified as level 1, the Fund's assets and liabilities not measured at fair value at 30 June 2016 and 30 June 2015 have been classified as level 2. The carrying amounts of these assets and liabilities approximate their fair values as at the Statement of Financial Position date.

#### 9. Related party transactions

In addition to related party information shown elsewhere in the financial statements, the following significant transactions took place during the financial year between the Fund and a related party at terms agreed between the parties and within the provisions of the Deeds:

	2016 US\$	2015 US\$ (Restated)
Bank balances held with related party of the Trustee	<u>441,492</u>	<u>465,980</u>

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## NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

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### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

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#### 10. Financial ratios

##### Expense ratio

		2016	2015 (Restated)
Total operating expenses	US\$	<b>323,829</b>	388,439
Average daily net asset value	US\$	<b>18,562,704</b>	20,666,048
<b>Total expense ratio<sup>1</sup></b>	<b>%</b>	<b>1.74</b>	1.88

##### Turnover ratio

		2016	2015 (Restated)
Lower of total value of purchases or sales	US\$	<b>15,821,270</b>	17,090,262
Average daily net asset value	US\$	<b>18,562,704</b>	20,666,048
<b>Total turnover ratio<sup>2</sup></b>	<b>%</b>	<b>85.23</b>	82.70

<sup>1</sup>The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at financial year end was based on total operating expenses divided by the average net asset value for the year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

<sup>2</sup>The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, divided by the average daily net asset value. In line with Statement of Recommended Accounting Practice 7 "Reporting framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered in June 2012, total value of purchases or sales for the current year do not include brokerage and other transaction costs.

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### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2016*

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#### **11. Subsequent event**

With effect from 30 September 2016, the Fund will cease to accept new or further subscriptions for units using Central Provident Fund (“CPF”) monies. The Fund will continue to be included under the CPFIS – List B and to be managed in accordance with the CPF Investment Guidelines.

#### **12. Comparatives**

The prior year comparative have been restated for consistency with the presentation of the 30 June 2016 financial statements due to the change in functional currency as disclosed in Note 1.

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**REPORT TO UNITHOLDERS**

*For the financial year ended 30 June 2016*

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The following contains additional information relating to the Fund.

**1. Distribution of investments**

Please refer to the Statement of Portfolio on pages 13 to 17.

**2. Credit rating of debt securities**

Nil.

**3. Top 10 holdings**

**10 Largest holdings at 30 June 2016**

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Simon Property Group Incorporated	1,297,062	7.01
Public Storage	854,648	4.62
Essex Property Trust Incorporated	704,798	3.81
Welltower Incorporated	692,766	3.74
Prologis Incorporated	625,505	3.38
Mitsui Fudosan Company Limited	590,886	3.19
Boston Properties Incorporated	547,385	2.96
Equity Residential	526,243	2.84
Sun Hung Kai Properties Limited	503,754	2.72
Extra Space Storage Incorporated	465,014	2.51

**10 Largest holdings at 30 June 2015 (Restated)**

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Simon Property Group Incorporation	1,092,918	5.74
Land Securities Group Public Listed Company	598,197	3.14
Public Storage	578,608	3.04
Boston Properties Incorporation	540,826	2.84
Ventas Incorporation	490,895	2.58
Avalonbay Communities Incorporation	488,621	2.56
General Growth Properties Incorporation	483,178	2.54
Essex Property Trust Incorporation	477,787	2.51
British Land Company Public Listed Company	456,005	2.39
Health Care REIT Incorporation	448,048	2.35

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**4. Exposure to financial derivatives**

Nil.

**5. Global exposure to financial derivatives**

Nil.

**6. Collateral**

Nil.

**7. Securities lending or repurchase transactions**

Nil.

**8. Investment in unit trusts, mutual funds and collective investment schemes**

Please refer to the statement of portfolio on pages 13 to 17.

**9. Borrowings**

Nil.

**10. Amount of units created and cancelled for the financial year ended 30 June 2016**

**US\$**

Units created	4,044,684
Units cancelled	(5,653,405)

**11. Turnover ratio**

Please refer to Note 10 of the Notes to the financial statements on page 36.

**12. Expense ratio**

Please refer to Note 10 of the Notes to the financial statements on page 36.

**13. Related party transactions**

Please refer to Note 9 of the Notes to the financial statements on page 35.

**14. Any other material information that will adversely impact the valuation of the fund**

Nil.

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