

SEMI-ANNUAL REPORT

For the financial period ending 30 June 2017

Nikko AM
Japan Dividend Equity Fund

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This report is also available on our website (www.nikkoam.com.sg)

PERFORMANCE SUMMARY

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund SGD Hedged Class ¹	4.81	5.86	30.30	11.99	-	11.62

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 period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund SGD Hedged Class ¹	-0.43	0.57	23.79	10.09	-	10.20

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.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund USD Hedged Class ¹	4.83	5.89	30.27	11.51	-	11.42

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 period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund USD Hedged Class ¹	-0.41	0.59	23.76	9.62	-	10.00

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.

Inception date: 1 July 2013

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund SGD Class	2.25	4.38	20.94	-	-	16.20

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 period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund SGD Class	-2.86	-0.84	14.89	-	-	11.52

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.

Inception date: 1 April 2016

Note:

- (1) The Fund's investment approach is not relative or constrained to its benchmark. The currency exposures of the "SGD Hedged Share Class" and the "USD Hedged Share Class" are hedged from the Fund's base currency – JPY to the share classes' currencies – SGD and USD respectively, to remove the currency conversion risk from the Fund's base currency to the respective share classes' currencies.
- (2) Prior to 1 June 2017, the benchmark against which the Fund's performance is measured is the TOPIX Total Return Index (the "Benchmark"). With effect from 1 June 2017, the Benchmark has been removed and there will no longer be any benchmark for the Fund. This is because pursuant to the investment objective of the Fund, the Fund is managed on a total return basis and as such, it does not seek to outperform any benchmark.

Portfolio Review and Activity

The Nikko AM Japan Dividend Equity Fund (SGD Hedged Class) (the "Fund") returned 5.86% (in SGD terms, NAV-NAV basis) in the six months to 30 June 2017 and 11.62% (annualised) since its inception on 1 July 2013.

We maintained the portfolio's stock weighting during the period at around 97-99%. As at end-June 2017, the portfolio consisted of 51 issues with an average forward dividend yield of 3.09%.

Names newly incorporated into the portfolio during the period included: major bearing manufacturer NSK, whose auto parts and bearings for use in industrial machinery and automobiles give the company a strong competitive advantage; parking lot and car-sharing service operator Park24, which offers both strongly competitive parking lot operations and car-sharing services with high growth potential; drugmaker Astellas Pharma, whose strong pipeline of new drugs including cancer treatments should support stable medium-term earnings; construction firm Tokyu Construction, which we expect to achieve mid-term earnings growth driven by contributions from a major redevelopment project in central Tokyo; and aluminium products manufacturer Nippon Light Metal Holdings, who we expect will strengthen shareholder returns as its financial position improves on the back of its strong auto parts segment.

Major stocks that were sold off during the period primarily included those which appeared less undervalued in terms of their dividend yields after strong gains in their stock prices, such as video game software maker Koei Tecmo Holdings, cosmetics company Pola Orbis Holdings, logistics firm Paltac, and pachinko slot machine manufacturer Heiwa. In addition, we also exited our position in manufacturer of interior decorating products Sangetsu due to its increasingly difficult business environment and significant upfront investments into its supply chain, which are likely to delay an earnings recovery.

In the first half of the period, the portfolio benefitted from its holdings of names which posted favourable earnings results as well as domestic-demand driven names that are expected to see higher demand related to Japanese labour reform efforts. However, from May onwards, names which had previously performed strongly were weighed down by profit taking. As a result, the Fund underperformed the broad-based market during the reporting period.

Stocks that made large positive contributions during the period included names which are expected to benefit from network upgrades to support the government's labour reform initiatives as well as names which are expected to achieve higher earnings on the introduction of 5G mobile networks. Specifically, this included IT service providers Net One Systems and Nihon Unisys, technical staffing provider TechnoPro Holdings, and telecommunications engineering firm NEC Networks & System Integration Corporation. Other positive contributors included names which faced upbeat earnings expectations, such as precision equipment manufacturer Star Micronics.

On the other hand, stocks that contributed negatively included names which declined on short-term earnings uncertainty, such as automaker Subaru, logistics company Senko, and drugmaker Astellas Pharma. Other negative contributors included oil refiner JXTG Holdings which declined on concerns over weakness in the commodity markets, as well as real estate investment trust ORIX JREIT which fell amid soft demand in the REIT market.

Market Review

Japanese equity market rose in 1H 2017

The Japanese equity market was steady during the period, with the TOPIX (including dividends) rising 7.37% and the Nikkei 225 (including dividends) climbing 5.82%.

The Japanese equity market began the year mixed in January. Japanese stocks rallied in the first half of the month in response to strong economic indicators in the US and China, but later fell on concerns over protectionist comments from President Donald Trump, the UK's potential exit from the EU single market, and the yen's appreciation against the US dollar. In February and March, the market faced downward pressure from increased political uncertainty surrounding the French presidential election. However, easing risk-off sentiment after a successful summit meeting between US and Japanese leaders as well as the yen's depreciation against the US dollar helped to bolster stock prices. In mid-March, despite support from expectations that the Bank of Japan's ETF purchases would improve supply-demand balance in the market, stocks then retreated, weighed down by increased uncertainty over US policy, lower US long-term interest rates, and the yen's appreciation against the US dollar. Stocks continued to trend lower in the first half of April as geopolitical tensions in Syria and North Korea led to investors adopting a more risk-adverse stance while declining long-term US interest rates spurred weakness in the yen against the dollar. From mid-April onwards, the market largely trended upward, despite brief periods of weakness related to concerns over a possible slowdown in the US economy as well as uncertainty over the UK political situation following a loss by the ruling party in the election held in June. Positive factors included increased optimism for a stronger EU following the victory of centrist Emmanuel Macron in the French elections, positive economic data showing a recovery in capital spending in Japan and upbeat manufacturing activity in the US, as well as a weaker yen following hawkish comments by a US Treasury official.

Overall, in terms of sector performance, 29 of the 33 TSE sectors posted gains during the period, including Other Products, Pulp & Paper, and Rubber Products. In contrast, four sectors declined, including Transportation Equipment, Mining, and Securities & Commodity Futures.

Market Outlook

Structural changes in Japanese corporations could boost investor sentiment

We expect that Japanese stocks will see some short-term volatility due to external factors such as foreign exchange rates. However, with the introduction of Japan's Corporate Governance Code, we are seeing the start of structural changes in Japanese firms as they launch efforts to raise ROE, such as investing in future growth (via capital spending and M&A activity) and strengthening their stance on shareholder returns. We therefore think that Japanese stocks will maintain their rise over the medium term. Japanese firms are expected to see higher earnings in the medium term thanks to efforts to improve profitability through structural reforms. Furthermore, many firms continue to announce dividend increases and share buybacks, showing that firms continue to focus on improving shareholder returns. This has contributed to the fund's performance as well, as a number of names held in the portfolio have gained sharply on share buyback and dividend increase announcements.

Japanese market likely to continue uptrend going forward

Japanese stocks have remained steady, supported by solid Japanese corporate earnings and strong performance in major international equity markets. While the market may face certain selling pressure in the short-term due to political and economic uncertainties in the US as well as geopolitical risks, Japanese companies' conservative earnings guidance for this fiscal year offers room to exceed market expectations, leading to re-rating of stocks. In addition, with companies beginning to effect structural changes to their businesses, we expect that the Japanese stock market will continue to rise steadily, despite some short-term corrections.

Investment Strategy

Portfolio is characterised by low volatility and low correlation relative to the market

In principle, we manage the portfolio based on an investment policy of making highly selective investments in companies with future dividend growth potential from among those whose projected dividend yield is higher than the market average. In making stock selections, we focus on bottom-up research, thoroughly scrutinising each company's corporate competitiveness, cash flow generation capacity, financial stability and stance on shareholder return. We therefore carefully select firms that are able to continually grow their dividends, and invest from a medium- to long-term perspective. Since many of the holdings are in stable growth stocks with strong earnings power and sound financials, the portfolio is characterised by low volatility and low correlation with the market. Currently, many of the portfolio's holdings are in IT service providers, telecommunications firms, specialised trading companies, retail, and construction.

Focus on names with ample cash reserves and strong earnings momentum

In terms of stock selection, we will seek out names with ample cash reserves and/or strong earnings momentum that balance investment in future growth with providing returns to shareholders. In particular, we will focus on those names from which sustained dividend growth can be expected, paying close attention to firms where there are indications that management (via business mid-term plans, etc.) is changing its stance on shareholder returns. We will focus on primarily domestic-demand driven sectors including specialty retailers expected to see earnings improvement driven by industry restructuring, IT services, network construction, temporary staffing agencies related to government-led initiatives to reform Japanese work culture, and construction firms which are expected to see favourable conditions continue ahead of the 2020 Tokyo Olympics. While export-oriented firms continue to face many uncertainties such as US trade policies and the direction of the Chinese economy, we plan to invest in carefully selected exporters with a competitive advantage and exceptional profitability.

IMPORTANT INFORMATION

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**").

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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

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.

The Managers are responsible for ensuring 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 its 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; and
- 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 Japan Dividend Equity 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 will abide by the restrictions and prohibitions set out in the paragraph above.

The Managers and the Sub-Managers 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 "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 JAPAN DIVIDEND EQUITY FUND

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

STATEMENT OF TOTAL RETURN

For the financial period from 01 January 2017 to 30 June 2017 (unaudited)

	30 June 2017 JPY'000	30 June 2016 JPY'000
Income		
Dividends	104,511	123,121
Interest on cash and bank balances	35	-
	<u>104,546</u>	<u>123,121</u>
Less: Expenses		
Management fee	54,151	53,286
Management fee rebate	(300)	-
Registrar fee	2,627	1,780
Trustee fee	1,104	1,019
Custody fee	758	723
Audit fee	838	453
Valuation fee	1,472	1,359
Transaction costs	8,059	7,288
Other expenses	2,417	1,569
	<u>71,126</u>	<u>67,477</u>
Net income	<u>33,420</u>	<u>55,644</u>
Net gains or losses on value of investments and financial derivatives		
Net gains/(losses) on investments	379,814	(1,284,663)
Net foreign exchange losses	(6,345)	(28,188)
Net gains/(losses) on financial derivatives	5,893	(873,821)
	<u>379,362</u>	<u>(2,186,672)</u>
Total return/(deficit) for the financial period before income tax	<u>412,782</u>	<u>(2,131,028)</u>
Less: Income tax	<u>(16,006)</u>	<u>(18,856)</u>
Total return/(deficit) for the financial period after income tax	<u>396,776</u>	<u>(2,149,884)</u>

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2017 (unaudited)

	30 June 2017 JPY'000	31 December 2016 JPY'000
ASSETS		
Portfolio of investments	7,073,227	7,199,981
Sales awaiting settlement	3,403	7,226
Receivables	295,659	36,928
Cash and bank balances	378,977	406,752
Financial derivatives at fair value	116,368	-
Total assets	7,867,634	7,650,887
LIABILITIES		
Payables	109,600	101,664
Purchases awaiting settlement	48,908	40,367
Distributions payable	31,967	30,716
Financial derivatives at fair value	-	48,612
Total liabilities	190,475	221,359
EQUITY		
Net assets attributable to unitholders	7,677,159	7,429,528

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the financial period from 01 January 2017 to 30 June 2017 (unaudited)

	30 June 2017 JPY'000	31 December 2016 JPY'000
Net assets attributable to unitholders at the beginning of the financial period/year	7,429,528	8,451,693
Operations		
Change in net assets attributable to unitholders resulting from operations	396,776	(121,496)
Unitholders' contributions/(withdrawals)		
Creation of units	2,769,449	2,681,106
Cancellation of units	(2,733,318)	(3,078,414)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	36,131	(397,308)
Distributions	(185,276)	(503,361)
Total increase in net assets attributable to unitholders	247,631	(1,022,165)
Net assets attributable to unitholders at the end of the financial period/year	7,677,159	7,429,528

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2017 (unaudited)*

By Industry (Primary)	Holdings at 30 June 2017	Fair value at 30 June 2017 JPY'000	Percentage of total net assets attributable to unitholders at 30 June 2017 %
Quoted Equities			
AGRICULTURE			
Japan Tobacco Incorporation	37,500	148,012	1.93
Total AGRICULTURE		148,012	1.93
AUTO MANUFACTURERS			
Nissan Motor Company Limited	44,400	49,639	0.65
Subaru Corporation	20,100	76,099	0.99
Total AUTO MANUFACTURERS		125,738	1.64
AUTO PARTS & EQUIPMENT			
Bridgestone Corporation	34,900	168,916	2.20
Total AUTO PARTS & EQUIPMENT		168,916	2.20
BANKS			
Aozora Bank Limited	308,000	131,824	1.72
Mizuho Financial Group Incorporation	549,600	112,888	1.47
Resona Holdings Incorporation	245,900	152,089	1.98
Sumitomo Mitsui Financial Group Incorporation	28,800	126,115	1.64
Total BANKS		522,916	6.81
CHEMICALS			
Aica Kogyo Company Limited	20,100	68,742	0.90
Denka Company Limited	264,000	152,856	1.99
LINTEC Corporation	55,300	148,536	1.93
Taiyo Holdings Company Limited	27,600	139,380	1.82
Total CHEMICALS		509,514	6.64
COMMERCIAL SERVICES			
Park24 Company Limited	50,500	144,228	1.88
TechnoPro Holdings Incorporation	36,800	166,336	2.17
Total COMMERCIAL SERVICES		310,564	4.05
COMPUTERS			
NEC Networks & System Integration Corporation	71,500	174,460	2.27
Net One Systems Company Limited	141,100	150,271	1.96
Total COMPUTERS		324,731	4.23
DISTRIBUTION/WHOLESALE			
Inabata & Company Limited	98,900	147,262	1.92
Itochu Corporation	93,100	155,384	2.02
Mitsubishi Corporation	66,900	157,616	2.05
Total DISTRIBUTION/WHOLESALE		460,262	5.99
DIVERSIFIED FINANCIAL SERVICES			
Aeon Financial Service Company Limited	60,400	143,631	1.87
ORIX Corporation	82,800	144,072	1.88
Total DIVERSIFIED FINANCIAL SERVICES		287,703	3.75
ELECTRICAL COMPONENT & EQUIPMENT			
Casio Computer Company Limited	34,000	58,718	0.76
Total ELECTRICAL COMPONENT & EQUIPMENT		58,718	0.76

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2017 (unaudited)*

By Industry (Primary) (continued)			Percentage of total net assets attributable to unitholders at 30 June 2017 %
	Holdings at 30 June 2017	Fair value at 30 June 2017 JPY'000	
Quoted Equities (continued)			
ELECTRONICS			
Inaba Denki Sangyo Company Limited	36,600	156,099	2.03
Star Micronics Company Limited	100,800	183,053	2.38
Total ELECTRONICS		339,152	4.41
ENGINEERING AND CONSTRUCTION			
Kyowa Exeo Corporation	76,600	144,697	1.88
Tokyu Construction Company Limited	165,700	152,444	1.99
Total ENGINEERING AND CONSTRUCTION		297,141	3.87
ENVIRONMENTAL CONTROL			
Asahi Holdings Incorporation	39,000	72,033	0.94
Total ENVIRONMENTAL CONTROL		72,033	0.94
HOME BUILDERS			
Sekisui House Limited	73,700	145,889	1.90
Total HOME BUILDERS		145,889	1.90
INSURANCE			
Tokio Marine Holdings Incorporation	31,100	144,646	1.88
Total INSURANCE		144,646	1.88
MACHINERY-DIVERSIFIED			
Tsubakimoto Chain Company	144,000	139,392	1.82
Total MACHINERY-DIVERSIFIED		139,392	1.82
METAL FABRICATE/HARDWARE			
Hanwa Company Limited	199,000	159,996	2.08
NSK Limited	107,100	150,261	1.96
Total METAL FABRICATE/HARDWARE		310,257	4.04
MINING			
Nippon Light Metal Holdings Company Limited	591,100	157,824	2.06
Total MINING		157,824	2.06
MISCELLANEOUS MANUFACTURE			
Amano Corporation	54,700	127,943	1.67
Total MISCELLANEOUS MANUFACTURE		127,943	1.67
OFFICE/BUSINESS EQUIPMENT			
Canon Incorporation	43,000	164,088	2.14
Seiko Epson Corporation	51,700	129,198	1.68
Total OFFICE/BUSINESS EQUIPMENT		293,286	3.82
OIL AND GAS			
JXTG Holdings Incorporation	340,050	166,863	2.17
Total OIL AND GAS		166,863	2.17

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2017 (unaudited)*

By Industry (Primary) (continued)	Holdings at 30 June 2017	Fair value at 30 June 2017 JPY'000	Percentage of total net assets attributable to unitholders at 30 June 2017 %
Quoted Equities (continued)			
PHARMACEUTICALS			
Astellas Pharma Incorporation	106,900	146,934	1.91
Total PHARMACEUTICALS		146,934	1.91
REAL ESTATE			
Daito Trust Construction Company Limited	6,700	117,217	1.53
Total REAL ESTATE		117,217	1.53
RETAIL			
AOKI Holdings Incorporation	32,800	46,740	0.62
Aoyama Trading Company Limited	34,700	138,974	1.81
DCM Holdings Company Limited	170,000	167,450	2.18
K's Holdings Corporation	65,300	143,334	1.87
Lawson Incorporation	15,800	124,188	1.62
VT Holdings Company Limited	270,500	149,857	1.95
Total RETAIL		770,543	10.05
SOFTWARE			
Nihon Unisys Limited	78,800	140,028	1.82
Total SOFTWARE		140,028	1.82
TELECOMMUNICATIONS			
Nippon Telegraph & Telephone Corporation	30,700	163,017	2.12
NTT Docomo Incorporation	65,500	173,706	2.26
Total TELECOMMUNICATIONS		336,723	4.38
TRANSPORTATION			
Senko Group Holdings Company Limited	234,600	171,258	2.23
Total TRANSPORTATION		171,258	2.23
Total Quoted Equities		6,794,203	88.50
Quoted Real Estate Investment Trusts			
REAL ESTATE INVESTMENT TRUSTS			
Japan Hotel REIT Investment Corporation	1,809	143,815	1.87
ORIX JReit Incorporation	815	135,209	1.76
Total REAL ESTATE INVESTMENT TRUSTS		279,024	3.63
Total Quoted Real Estate Investment Trusts		279,024	3.63
Portfolio of investments		7,073,227	92.13
Other net assets		603,932	7.87
Net assets attributable to unitholders		7,677,159	100.00

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

STATEMENT OF PORTFOLIO

As at 30 June 2017 (unaudited)

By Industry (Summary)	Fair value at 30 June 2017 JPY'000	Percentage of total net assets attributable to unitholders at 30 June 2017 %	Percentage of total net assets attributable to unitholders at 31 December 2016 %
Agriculture	148,012	1.93	2.38
Auto Manufacturers	125,738	1.64	3.34
Auto Parts & Equipment	168,916	2.20	2.36
Banks	522,916	6.81	7.80
Chemicals	509,514	6.64	6.14
Commercial Services	310,564	4.05	2.42
Computers	324,731	4.23	5.34
Cosmetics/Personal Care	-	-	2.34
Distribution/Wholesale	460,262	5.99	7.44
Diversified Financial Services	287,703	3.75	3.68
Electrical Component & Equipment	58,718	0.76	1.35
Electronics	339,152	4.41	4.00
Engineering & Construction	297,141	3.87	2.32
Entertainment	-	-	0.72
Environmental Control	72,033	0.94	2.05
Home Builders	145,889	1.90	2.27
Housewares	-	-	1.79
Insurance	144,646	1.88	1.94
Machinery-Diversified	139,392	1.82	2.24
Metal Fabricate/Hardware	310,257	4.04	1.41
Mining	157,824	2.06	-
Miscellaneous Manufacture	127,943	1.67	2.08
Office/Business Equipment	293,286	3.82	1.32
Oil and Gas	166,863	2.17	2.50
Pharmaceuticals	146,934	1.91	-
Real Estate	117,217	1.53	2.27
Real Estate Investment Trust	279,024	3.63	4.07
Retail	770,543	10.05	10.83
Software	140,028	1.82	3.51
Telecommunication	336,723	4.38	4.85
Transportation	171,258	2.23	2.15
Portfolio of investments	7,073,227	92.13	96.91
Other net assets	603,932	7.87	3.09
Net assets attributable to unitholders	7,677,159	100.00	100.00

As the Fund invests wholly into Japanese equities, it is not meaningful to classify the investments into geography.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

REPORT TO UNITHOLDERS

For the financial period from 01 January 2017 to 30 June 2017 (unaudited)

The following contains additional information relating to the Fund.

1. Distribution of investments

Please refer to the Statement of Portfolio on pages 11 to 14.

2. Credit rating of debt securities

Nil.

3. Top 10 holdings

10 Largest holdings at 30 June 2017

	Fair value JPY'000	Percentage of total net assets attributable to unitholders %
Star Micronics Company Limited	183,053	2.38
NEC Networks & System Integration Corporation	174,460	2.27
NTT Docomo Incorporation	173,706	2.26
Senko Group Holdings Company Limited	171,258	2.23
Bridgestone Corporation	168,916	2.20
DCM Holdings Company Limited	167,450	2.18
JXTG Holdings Incorporation	166,863	2.17
TechnoPro Holdings Incorporation	166,336	2.17
Canon Incorporation	164,088	2.14
Nippon Telegraph & Telephone Corporation	163,017	2.12

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

REPORT TO UNITHOLDERS

For the financial period from 01 January 2017 to 30 June 2017 (unaudited)

3. Top 10 holdings (continued)

10 Largest holdings at 30 June 2016	Fair value JPY'000	Percentage of total net assets attributable to unitholders %
NTT Docomo Incorporation	192,548	3.06
Daito Trust Construction Company Limited	178,048	2.83
Lawson Incorporation	169,119	2.68
Sekisui House Limited	169,052	2.68
NEC Networks & System Integration Corporation	161,814	2.57
Nippon Telegraph & Telephone Corporation	156,960	2.49
Net One Systems Company Limited	152,728	2.42
Aoyama Trading Company Limited	151,904	2.41
ORIX JREIT Incorporation	149,109	2.37
Nihon Unisys Limited	147,042	2.33

4. Exposure to financial derivatives

	Fair value at 30 June 2017 JPY'000	Percentage of total net assets attributable to unitholders 30 June 2017 %	Unrealised gains/(losses) JPY'000	Realised gains/(losses) JPY'000
Forward foreign exchange contracts	116,368	1.52	116,368	(110,475)

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

REPORT TO UNITHOLDERS

For the financial period from 01 January 2017 to 30 June 2017 (unaudited)

5. Global exposure to financial derivatives

The global exposure to financial derivatives is computed using the commitment approach which is calculated as the sum of:

- a. the absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangement;
- b. the absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements; and
- c. the sum of the values of cash collateral received pursuant to:
 - i. the reduction of exposure to counterparties of OTC financial derivatives; and
 - ii. EPM techniques relating to securities lending and repurchase transactions, and that are reinvested.

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 14.

9. Borrowings

Nil.

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

	JPY'000
Units created	2,769,449
Units cancelled	(2,733,318)

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

REPORT TO UNITHOLDERS

For the financial period from 01 January 2017 to 30 June 2017 (unaudited)

11. Turnover ratio

		30 June 2017	30 June 2016
Lower of total value of purchases or sales	JPY'000	2,399,032	1,912,376
Average daily net asset value	JPY'000	7,324,679	7,254,043
Total turnover ratio ^{Note}	%	32.75	26.36

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 in June 2016, total value of purchases or sales for the current year do not include brokerage and other transaction costs.

12. Expense ratio

		30 June 2017	30 June 2016
SGD Hedged Class			
Total operating expenses	JPY'000	86,375	100,506
Average daily net asset value	JPY'000	4,934,976	5,751,953
Total expense ratio ^{Note}	%	1.75	1.75
USD Hedged Class			
Total operating expenses	JPY'000	33,758	36,960
Average daily net asset value	JPY'000	1,937,822	2,157,845
Total expense ratio ^{Note}	%	1.74	1.71
SGD Class			
Total operating expenses	JPY'000	4,134	80
Average daily net asset value	JPY'000	241,757	18,757
Total expense ratio ^{Note}	%	1.71	1.74

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.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

REPORT TO UNITHOLDERS

For the financial period from 01 January 2017 to 30 June 2017 (unaudited)

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. Trustee fee and registrar 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 Deeds:

	30 June 2017	31 December 2016
	JPY'000	JPY'000
Bank balances held with related party of the Trustee	378,977	406,752

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

Nil.

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12 Marina View, #18-02 Asia Square Tower 2, Singapore 018961
Intermediaries Hotline: 1800 535 8025 / 65 6535 8025
Website: www.nikkoam.com.sg

Company registration number 198202562H

ANNUAL REPORT

For the financial year ended 31 December 2016

Nikko AM **Japan Dividend Equity 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)

PERFORMANCE SUMMARY

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	Since Inception
Benchmark ¹	14.95	23.15	0.31	7.42	-	10.87
Nikko AM Japan Dividend Equity Fund SGD Hedged Class ²	15.32	23.09	3.47	10.76	-	11.54

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 period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	Since Inception
Benchmark ¹	14.95	23.15	0.31	7.42	-	10.87
Nikko AM Japan Dividend Equity Fund SGD Hedged Class ²	9.56	16.93	-1.70	8.88	-	9.92

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.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	Since Inception
Benchmark ¹	14.95	23.15	0.31	7.42	-	10.87
Nikko AM Japan Dividend Equity Fund USD Hedged Class ²	15.21	23.03	3.37	10.38	-	11.31

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 period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	Since Inception
Benchmark ¹	14.95	23.15	0.31	7.42	-	10.87
Nikko AM Japan Dividend Equity Fund USD Hedged Class ²	9.45	16.88	-1.80	8.51	-	9.69

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.

Inception date: 1 July 2013

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	Since Inception
Benchmark ¹	5.75	16.27	-	-	-	17.90
Nikko AM Japan Dividend Equity Fund SGD Class	6.06	15.86	-	-	-	15.55

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. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	Since Inception
Benchmark ¹	5.75	16.27	-	-	-	17.90
Nikko AM Japan Dividend Equity Fund SGD Class	0.76	10.07	-	-	-	9.77

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. Past performance is not indicative of future performance.

Inception date: 1 April 2016

Note:

- (1) The Fund's benchmark is TOPIX Total Return Index. For hedged currency share classes only, the benchmark reflected is in the base currency.
- (2) The Fund's investment approach is not relative or constrained to its benchmark. The currency exposures of the "SGD Hedged Share Class" and the "USD Hedged Share Class" are hedged from the Fund's base currency – JPY to the share classes' currencies – SGD and USD respectively, to remove the currency conversion risk from the Fund's base currency to the respective share classes' currencies.

Portfolio Review and Activity

The Nikko AM Japan Dividend Equity Fund (SGD Hedged Class) (the "Fund") returned 3.47% (in SGD terms, NAV-NAV basis) in the year to 31 December 2016 and 11.54% (annualised) since its inception on 1 July 2013.

The Japanese stock market was marked by volatility in the first half of 2016 amid rate hike speculation, a sharp strengthening of the yen, and the UK's decision to leave the European Union. However, it subsequently recovered in the second half, supported by an improving global economic outlook, yen depreciation, and expectations for the new US administration. We maintained the portfolio's stock weighting during the year at around 96-98%. As of the end of December, the portfolio consisted of 52 issues with an average forward dividend yield of 3.01%.

Names newly incorporated into the portfolio during the year included leading general leasing firm Orix, which has improved its earnings stability by diversifying its business portfolio, including life insurance, banking, investment in other businesses, and environmental and energy services. In addition, we added major home improvement chain operator DCM Holdings, which is expected to continue to post strong earnings thanks to the expansion of its store network through mergers

and acquisitions (M&A) and as it improves its profitability by reducing the use of discounts and increasing the ratio of private brand merchandise. Other newly added names included: IT services provider Nihon Unisys, which has continued to raise its dividend as its earnings recover on strong orders; general trading company Mitsubishi Corporation, in view of its focus on generating cash flow and policy to maintain stable dividend payments; and big-box consumer electronics retailer K's Holdings, due to its competitive pricing strategy and high earnings potential ahead of replacement demand for electronics.

Major stocks which we sold off during the year included automaker Toyota Motor as we determined that the firm is unlikely to raise its dividend due to movements in the exchange rate and automobile sales trends in emerging markets. We also fully exited our position in golf course operator Accordia Golf after the name rose sharply following the announcement of a takeover bid by a private equity firm, as well as general trading company Mitsui & Co., which we replaced with same-sector peer Mitsubishi Corporation in view of the latter's stability. Other names we exited during the period included major maker of construction equipment Komatsu and drug maker Otsuka Holdings as their dividend yields became less attractive following rises in their stock prices.

Stocks that made large positive contributions during the year included steel-focused trading firm Hanwa, whose share price benefitted from rising commodities prices as well as the release of a plan to hike dividends; abovementioned DCM Holdings on strong earnings results; manufacturer of labour tracking systems Amano, which announced both strong earnings results and plans for a share buyback; major cosmetics company Pola Orbis Holdings on upbeat earnings expectations; and apartment builder Daito Trust Corporation, on expectations that the firm would post strong earnings on the back of firm domestic demand.

In contrast, negative contributors included export-driven names weighed down by concerns over the strengthening yen including electronic materials maker Dexerials, automaker Toyota Motor and truckmaker Hino Motors. In addition, other names which detracted from performance included megabank operator Mizuho Financial Group, due to concerns over the impact on its earnings from the Bank of Japan (BOJ)'s negative interest rate policy, and precision equipment manufacturer Star Micronics, which faced increased concerns over short-term earnings weakness.

Market Review

Japanese equity market edged higher in 2016

The Japanese equity market rose during the period, with the TOPIX (with dividends) rising 0.31% and the Nikkei 225 (with dividends) climbing 2.38% in JPY terms. Nevertheless, it was a highly volatile year for the market with stocks dropping significantly in the first half of the year and then recovering in the latter half.

The Japanese equity market underwent a large correction in January and February amid concerns of a global economic slowdown, falling natural resource prices, and the rapid strengthening of the yen, despite a brief climb following the BOJ's surprise announcement of a negative interest rate policy. However, stocks began to move upward in March as the result of recovering crude oil prices and strong US economic indicators. Following the BOJ's unexpected decision against further monetary easing at its meeting in April, stocks fell as the yen further strengthened. While markets rebounded moderately in May after the yen weakened sharply on expectations of a US rate hike, the UK's decision to leave the European Union led to sharp strengthening of the yen and significant turmoil in the stock market in June. However, stock prices then stabilised in July and August on strong US economic indicators, an upper house election victory by Japan's ruling party, and firm crude oil prices. While the markets were largely flat in September, they began to move upwards from October as the yen weakened. Stocks extended their gains in November and December on

further yen depreciation after the US Federal Reserve Board raised interest rates and as heightened expectations for the new US administration spurred a global stock market rally. Although the market stalled at the end of the year on a lull in the yen's depreciation and profit-taking by investors, stocks posted overall gains for December to end the year modestly up.

Overall, in terms of sector performance, 20 of 33 TOPIX sectors rose during the period, with the highest gains seen by the Other Products, Oil & Coal Products, Wholesale Trade, Machinery, and Chemical sectors.

Market Outlook

Japanese stocks likely to remain resilient despite near-term uncertainty

While the equity market rallied strongly on expectations for economic policy from the new US presidential administration, increasing concerns over President Trump's policies are now weighing on stocks. The market is likely to face selling pressure in the short-term due to uncertainty over US trade policy and currency market fluctuations. Despite some short-term corrections, however, we expect that the stock market will continue to rise steadily as both global business sentiment and corporate earnings are improving, and Japanese companies have begun to effect structural changes to their businesses. While many uncertainties remain surrounding US policy, we believe that the stable political environment and continuing corporate reform in Japan is likely to attract attention to Japanese equities.

Structural changes in Japanese corporations could boost investor sentiment

We expect that Japanese stocks may see some short-term volatility due to external factors such as currency fluctuations. However, with the introduction of Japan's Corporate Governance Code, we are seeing the beginning of structural changes in Japanese firms as they launch efforts to raise return on equity (ROE), such as investing in future growth (via capital spending and M&A activity) and strengthening their stance on shareholder returns. Furthermore, many firms continue to announce dividend increases and share buybacks, showing that firms continue to focus on improving shareholder returns. This has contributed to the Fund's performance as well, as a number of names held in the portfolio have gained sharply on share buyback and dividend increase announcements.

Investment Strategy

Portfolio is characterised by low volatility and low correlation with the market

In principle, we manage the portfolio based on an investment policy of making highly selective investments in companies with future dividend growth potential from among those whose projected dividend yield is higher than the market average. In making stock selections, we focus on bottom-up research, thoroughly scrutinising each company's corporate competitiveness, cash flow generation capacity, financial stability and stance on shareholder return. We therefore carefully select firms that are able to continually grow their dividends, and invest from a medium- to long-term perspective. Since many of the holdings are in stable growth stocks with strong earnings power and sound financials, the portfolio is characterised by low volatility and low correlation with the market. Currently, many of the portfolio's holdings are in telecommunications firms, information services companies, specialised trading companies, retail, and banks.

Focus on stocks with ample cash and strong earnings and dividend growth potential

In terms of stock selection, we will seek out names with ample cash reserves and/or strong earnings momentum that balance investment in future growth with providing returns to shareholders. In particular, we will focus on those names from which sustained dividend growth can be expected, paying close attention to firms where there are indications that management (via business mid-term

plans, etc.) could be changing its stance on shareholder returns. One category we will focus on is specialty retailers that are expected to see earnings improvement, driven by industry restructuring. In addition, we seek to focus on sectors such as IT services, network construction, and temporary staffing agencies related to government-led initiatives to reform Japanese work culture. While export-oriented firms are expected to benefit from the weakening yen, many uncertainties remain over emerging market economies and the new US administration's trade policies. As such, we plan to invest in carefully selected exporters with a competitive advantage and exceptional profitability.

Rising long-term interest rates have been a major factor contributing to recent changes in the investment landscape. While high-yielding names are typically thought to be at a disadvantage when interest rates rise, our strategy has maintained strong performance even as rates began to rise in the second half of the year. The biggest factor for our strong performance is that, when identifying investment opportunities, we do not focus solely on higher yielding stocks but also on those with dividend growth potential. Going forward, we believe that we have a sustainable investment strategy even if interest rates were to rise on the back of further economic expansion.

IMPORTANT INFORMATION

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) 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 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

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.

The Managers are responsible for ensuring 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 its 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; and
- 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 Japan Dividend Equity 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 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 "**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 JAPAN DIVIDEND EQUITY FUND

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

REPORT OF THE TRUSTEE

For the financial year ended 31 December 2016

The Trustee is under a duty to take into custody and hold the assets of Nikko AM Japan Dividend Equity 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 14 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

Authorised signatory

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

STATEMENT BY THE MANAGER

For the financial year ended 31 December 2016

In the opinion of Nikko Asset Management Asia Limited, the accompanying financial statements set out on pages 14 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 Japan Dividend Equity Fund (the "Fund") as at 31 December 2016, and the financial performance and movements in unitholders' funds for the 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

Authorised signatory

INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF NIKKO AM JAPAN DIVIDEND EQUITY FUND
(Constituted under a Trust Deed registered in the Republic of Singapore)

Our Opinion

In our opinion, the accompanying financial statements of Nikko AM Japan Dividend Equity 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 31 December 2016, 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 Financial Position as at 31 December 2016;
- the Statement of Portfolio as at 31 December 2016;
- the Statement of Total Return for the financial year then ended;
- the Statement of Movements of Unitholders' Funds for the financial year then ended; 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 the relevant sections of the annual report included in pages 1 to 10 and 38 to 40, which we obtained prior to the date of this auditor's report, and excludes 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 identified above 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 that we obtained prior to the date of this auditor's report, 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 JAPAN DIVIDEND EQUITY 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 the Manager either intends to terminate the Fund or to cease the Fund's operations, or has no realistic alternative but to do so.

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 JAPAN DIVIDEND EQUITY 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

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial year ended 31 December 2016*

	Note	2016 JPY'000	2015 JPY'000
Income			
Dividends		<u>234,987</u>	178,793
Less: Expenses			
Management fee		105,938	105,371
Registrar fee		4,038	3,793
Trustee fee		2,061	2,065
Custody fee		1,458	1,402
Audit fee		958	1,150
Valuation fee		2,749	2,753
Transaction costs		15,478	27,421
Other expenses		<u>4,502</u>	7,718
		<u>137,182</u>	151,673
Net income		<u>97,805</u>	27,120
Net gains or losses on value of investments and financial derivatives			
Net gains on investments		127,841	597,551
Net foreign exchange losses		(21,014)	(2,800)
Net losses on financial derivatives		<u>(290,140)</u>	<u>(396,937)</u>
		<u>(183,313)</u>	197,814
Total (deficit)/return for the financial year before income tax		(85,508)	224,934
Less: Income tax	3	<u>(35,988)</u>	<u>(27,382)</u>
Total (deficit)/return for the financial year after income tax		<u>(121,496)</u>	197,552

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	2016 JPY'000	2015 JPY'000
ASSETS			
Portfolio of investments		7,199,981	8,208,696
Sales awaiting settlement		7,226	-
Receivables	4	36,928	74,547
Cash and bank balances		406,752	385,141
Total assets		7,650,887	8,668,384
LIABILITIES			
Payables	5	101,664	38,416
Purchases awaiting settlement		40,367	49,110
Distribution payable		30,716	35,760
Financial derivatives at fair value	6	48,612	93,405
Total liabilities		221,359	216,691
EQUITY			
Net assets attributable to unitholders	7	7,429,528	8,451,693

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial year ended 31 December 2016*

	Note	2016 JPY'000	2015 JPY'000
Net assets attributable to unitholders at the beginning of the financial year		8,451,693	3,661,256
Operations			
Change in net assets attributable to unitholders resulting from operations		(121,496)	197,552
Unitholders' contributions/(withdrawals)			
Creation of units		2,681,106	10,880,590
Cancellation of units		(3,078,414)	(5,927,198)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		(397,308)	4,953,392
Distributions	8	(503,361)	(360,507)
Total (decrease)/increase in net assets attributable to unitholders		(1,022,165)	4,790,437
Net assets attributable to unitholders at the end of the financial year	7	7,429,528	8,451,693

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2016*

By Industry (Primary)	Holdings at 31 December 2016	Fair value at 31 December 2016 JPY'000	Percentage of total net assets attributable to unitholders at 31 December 2016 %
Quoted Equities			
AGRICULTURE			
Japan Tobacco Incorporation	46,000	176,824	2.38
Total AGRICULTURE		<u>176,824</u>	<u>2.38</u>
AUTO MANUFACTURERS			
Fuji Heavy Industries Limited	29,000	138,388	1.86
Nissan Motor Company Limited	93,300	109,674	1.48
Total AUTO MANUFACTURERS		<u>248,062</u>	<u>3.34</u>
AUTO PARTS & EQUIPMENT			
Bridgestone Corporation	41,600	175,302	2.36
Total AUTO PARTS & EQUIPMENT		<u>175,302</u>	<u>2.36</u>
BANKS			
Aozora Bank Limited	348,000	143,724	1.94
Mizuho Financial Group Incorporation	674,500	141,510	1.91
Resona Holdings Incorporation	250,800	150,355	2.02
Sumitomo Mitsui Financial Group Incorporation	32,200	143,612	1.93
Total BANKS		<u>579,201</u>	<u>7.80</u>
CHEMICALS			
Denka Company Limited	290,000	149,640	2.01
Lintec Corporation	58,400	149,095	2.01
Taiyo Holdings Company Limited	34,700	157,712	2.12
Total CHEMICALS		<u>456,447</u>	<u>6.14</u>
COMMERCIAL SERVICES			
TechnoPro Holdings Incorporation	47,900	179,625	2.42
Total COMMERCIAL SERVICES		<u>179,625</u>	<u>2.42</u>
COMPUTERS			
Bell System24 Holdings Incorporation	51,800	51,075	0.69
NEC Networks & System Integration Corporation	76,700	161,914	2.18
Net One Systems Company Limited	245,100	183,335	2.47
Total COMPUTERS		<u>396,324</u>	<u>5.34</u>
COSMETICS/PERSONAL CARE			
Pola Orbis Holdings Incorporation	18,000	173,700	2.34
Total COSMETICS/PERSONAL CARE		<u>173,700</u>	<u>2.34</u>
DISTRIBUTION/WHOLESALE			
Inabata & Company Limited	124,100	159,965	2.15
Itochu Corporation	108,700	168,702	2.27

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2016*

By Industry (Primary) (continued)			Percentage of total net assets attributable to unitholders at 31 December 2016 %
	Holdings at 31 December 2016	Fair value at 31 December 2016 JPY'000	
Quoted Equities (continued)			
DISTRIBUTION/WHOLESALE (continued)			
Mitsubishi Corporation	47,500	118,275	1.59
Paltac Corporation	38,400	106,061	1.43
Total DISTRIBUTION/WHOLESALE		<u>553,003</u>	<u>7.44</u>
DIVERSIFIED FINANCIAL SERVICES			
Aeon Financial Service Company Limited	53,100	110,289	1.48
ORIX Corporation	89,400	163,066	2.20
Total DIVERSIFIED FINANCIAL SERVICES		<u>273,355</u>	<u>3.68</u>
ELECTRICAL COMPONENT & EQUIPMENT			
Casio Computer Company Limited	60,800	100,502	1.35
Total ELECTRICAL COMPONENT & EQUIPMENT		<u>100,502</u>	<u>1.35</u>
ELECTRONICS			
Inaba Denki Sangyo Company Limited	37,300	150,133	2.02
Star Micronics Company Limited	92,200	146,782	1.98
Total ELECTRONICS		<u>296,915</u>	<u>4.00</u>
ENGINEERING AND CONSTRUCTION			
Kyowa Exeo Corporation	102,400	172,237	2.32
Total ENGINEERING AND CONSTRUCTION		<u>172,237</u>	<u>2.32</u>
ENTERTAINMENT			
Heiwa Corporation	20,100	53,707	0.72
Total ENTERTAINMENT		<u>53,707</u>	<u>0.72</u>
ENVIRONMENTAL CONTROL			
Asahi Holdings Incorporation	75,000	152,325	2.05
Total ENVIRONMENTAL CONTROL		<u>152,325</u>	<u>2.05</u>
HOME BUILDERS			
Sekisui House Limited	86,800	168,869	2.27
Total HOME BUILDERS		<u>168,869</u>	<u>2.27</u>
HOUSEWARES			
Sangetsu Corporation	65,500	132,769	1.79
Total HOUSEWARES		<u>132,769</u>	<u>1.79</u>
INSURANCE			
Tokio Marine Holdings Incorporation	30,000	143,880	1.94
Total INSURANCE		<u>143,880</u>	<u>1.94</u>
MACHINERY-DIVERSIFIED			
Tsubakimoto Chain Company	175,000	166,250	2.24
Total MACHINERY-DIVERSIFIED		<u>166,250</u>	<u>2.24</u>

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2016***By Industry (Primary)** (continued)

	Holdings at 31 December 2016	Fair value at 31 December 2016 JPY'000	Percentage of total net assets attributable to unitholders at 31 December 2016 %
Quoted Equities (continued)			
METAL FABRICATE/HARDWARE			
Hanwa Company Limited	137,000	104,805	1.41
Total METAL FABRICATE/HARDWARE		104,805	1.41
MISCELLANEOUS MANUFACTURE			
Amano Corporation	75,400	154,796	2.08
Total MISCELLANEOUS MANUFACTURE		154,796	2.08
OFFICE/BUSINESS EQUIPMENT			
Canon Incorporated	14,000	46,130	0.62
Seiko Epson Corporation	21,100	52,223	0.70
Total OFFICE/BUSINESS EQUIPMENT		98,353	1.32
OIL AND GAS			
JX Holdings Incorporation	96,300	47,640	0.64
TonenGeneral Sekiyu KK	112,000	137,984	1.86
Total OIL AND GAS		185,624	2.50
REAL ESTATE			
Daito Trust Construction Company Limited	9,600	168,768	2.27
Total REAL ESTATE		168,768	2.27
RETAIL			
Aoki Holdings Incorporation	47,700	68,593	0.92
Aoyama Trading Company Limited	41,500	168,905	2.27
DCM Holdings Company Limited	110,400	114,595	1.54
K's Holdings Corporation	59,800	122,411	1.65
Lawson Incorporation	20,900	171,589	2.31
VT Holdings Company Limited	275,200	158,790	2.14
Total RETAIL		804,883	10.83
SOFTWARE			
Koei Tecmo Holdings Company Limited	41,500	85,366	1.15
Nihon Unisys Limited	119,500	175,665	2.36
Total SOFTWARE		261,031	3.51

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2016***By Industry (Primary)** (continued)

	Holdings at 31 December 2016	Fair value at 31 December 2016 JPY'000	Percentage of total net assets attributable to unitholders at 31 December 2016 %
Quoted Equities (continued)			
TELECOMMUNICATIONS			
Nippon Telegraph & Telephone Corporation	36,100	177,323	2.39
NTT Docomo Incorporation	68,700	182,948	2.46
Total TELECOMMUNICATIONS		360,271	4.85
TRANSPORTATION			
Senko Company Limited	202,300	159,615	2.15
Total TRANSPORTATION		159,615	2.15
Total Quoted Equities		6,897,443	92.84
Quoted Real Estate Investment Trusts			
REAL ESTATE INVESTMENT TRUSTS			
Japan Hotel REIT Investment Corporation	1,936	152,170	2.05
ORIX JReit Incorporation	815	150,368	2.02
Total REAL ESTATE INVESTMENT TRUSTS		302,538	4.07
Total Quoted Real Estate Investment Trusts		302,538	4.07
Portfolio of investments		7,199,981	96.91
Other net assets		229,547	3.09
Net assets attributable to unitholders		7,429,528	100.00

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

STATEMENT OF PORTFOLIO

As at 31 December 2016

By Industry (Summary)	Fair value at	Percentage of	Percentage of
	31 December 2016 JPY'000	total net assets attributable to unitholders at 31 December 2016 %	total net assets attributable to unitholders at 31 December 2015 %
Agriculture	176,824	2.38	2.24
Auto Manufacturers	248,062	3.34	9.14
Auto Parts and Equipment	175,302	2.36	2.20
Banks	579,201	7.80	9.00
Chemicals	456,447	6.14	2.65
Commercial Services	179,625	2.42	3.38
Computers	396,324	5.34	6.37
Cosmetics/Personal Care	173,700	2.34	1.80
Distribution/Wholesale	553,003	7.44	5.76
Diversified Financial Services	273,355	3.68	-
Electrical Component & Equipment	100,502	1.35	-
Electronics	296,915	4.00	7.02
Engineering and Construction	172,237	2.32	-
Entertainment	53,707	0.72	2.76
Environmental Control	152,325	2.05	2.24
Home Builders	168,869	2.27	2.45
Housewares	132,769	1.79	0.60
Insurance	143,880	1.94	-
Leisure Time	-	-	1.51
Machinery-Diversified	166,250	2.24	-
Machinery-Construction and Mining	-	-	2.23
Metal Fabricate/Hardware	104,805	1.41	2.22
Miscellaneous Manufacture	154,796	2.08	2.48
Office/Business Equipment	98,353	1.32	4.23
Oil and Gas	185,624	2.50	1.99
Pharmaceuticals	-	-	1.88
Real Estate	168,768	2.27	1.81
Real Estate Investment Trusts (REITS)	302,538	4.07	4.24
Retail	804,883	10.83	8.41
Software	261,031	3.51	2.39
Telecommunications	360,271	4.85	4.94
Transportation	159,615	2.15	1.18
Portfolio of investments	7,199,981	96.91	97.12
Other net assets	229,547	3.09	2.88
Net assets attributable to unitholders	7,429,528	100.00	100.00

As the Fund invests wholly into Japanese equities, it is not meaningful to classify the investments into geography.

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

1. General

Nikko AM Japan Dividend Equity Fund is a Singapore domiciled fund constituted under a Trust Deed dated 21 May 2013 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 "Manager").

There are currently seven classes of units established within the Fund, namely the United States Dollar Class Units (denominated in USD), the USD (Acc) Class Units (denominated in USD), the USD Hedged Class Units (denominated in USD), the USD Hedged (Acc) Class Units (denominated in USD), the Singapore Dollar Class Units (denominated in SGD), the SGD Hedged Class Units (denominated in SGD) and the Renminbi Class Units (denominated in RMB).

For the USD Hedged Class Units and the USD Hedged (Acc) Class Units, the Managers intend to hedge the currency exposure of the assets of the Fund attributable to the USD Hedged Class Units and to the USD Hedged (Acc) Class Units respectively, into USD through the use of currency forwards. The hedging of the currency will be conducted on a monthly basis. Consequently, you should note that the net asset value ("NAV") per Unit of each of the USD Hedged Class and the USD Hedged (Acc) Class will take into account any gains or losses arising from the use of the currency forwards in respect of the USD Hedged Class and the USD Hedged (Acc) Class respectively.

For the SGD Hedged Class Units, the Managers intend to hedge the currency exposure of the assets of the Fund attributable to the SGD Hedged Class Units into SGD through the use of currency forwards. The hedging of the currency will be conducted on a monthly basis. Consequently, you should note that the NAV per Unit of the SGD Hedged Class will take into account any gains or losses arising from the use of the currency forwards in respect of the SGD Hedged Class.

The USD Class, the USD Hedged Class, the SGD Class, the SGD Hedged Class and the RMB Class each intends to make distributions to Holders. However, the USD (Acc) Class and the USD Hedged (Acc) Class will each not make any distributions to the Holders of the relevant class. The dividend and/or interest income and/or capital gains derived from the investments of the Fund that are attributable to each of these classes will be accumulated as part of the assets of the Fund that are attributable to the relevant class instead.

There are no material differences between the USD Class Units, the USD (Acc) Class Units, the USD Hedged Class Units, the USD Hedged (Acc) Class Units, the SGD Class Units, the SGD Hedged Class Units and the RMB Class Units save for (i) the currency of denomination of each Class; (ii) the hedging features of the USD Hedged Class, the USD Hedged (Acc) Class and the SGD Hedged Class; (iii) the distribution policies applicable to the classes as described above and (iv) the minimum initial and subsequent investment amounts.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

1. General (continued)

The Fund currently offers 3 classes of units, namely SGD Hedged Class units, USD Hedged Class units and SGD Class Units. The Manager intends to hedge the currency exposure of the assets of the Fund attributable to the SGD Hedged and USD Hedged Class units into Singapore and US dollars through the use of currency forwards. There are no material differences between the 2 classes except for the currency of denomination of each Class and their hedging features.

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 or 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.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. Significant accounting policies (continued)

(d) Investments (continued)

(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.

(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 Fund's activities are substantially based in Singapore, with subscriptions and redemptions of the units of the Fund denominated in United States Dollar (US\$) and Singapore Dollar (S\$).

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

(ii) *Transactions and balances*

Foreign currency monetary assets and liabilities are translated into Japanese Yen 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 Japanese Yen at the rates of exchange ruling on transaction dates. All realised gains or losses are recognised in the Statement of Total Return.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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) in Singapore. The Manager and the 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 profits 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 31 December 2016 and 31 December 2015 comprises:

	2016 JPY'000	2015 JPY'000
Overseas income tax	<u>35,988</u>	<u>27,382</u>

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

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

4. Receivables

	2016 JPY'000	2015 JPY'000
Receivable from unitholders for creation of units	18,094	50,914
Dividends receivable	18,826	23,309
Receivables on currencies purchased	-	324
Other receivables	8	-
	36,928	74,547

5. Payables

	2016 JPY'000	2015 JPY'000
Payable to unitholders for cancellation of units	69,644	1,365
Amount due to the Manager	29,201	33,847
Valuation fee payable	784	903
Trustee fee payable	588	677
Registrar fee payable	53	59
Provision for audit fee	1,104	1,231
Custody fee payable	290	334
	101,664	38,416

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

6. Financial derivatives at fair value

Financial derivatives comprise forward foreign exchange contracts for purchases and sales of foreign currencies. The year-end positive and negative fair values represent the unrealised gains and losses respectively on revaluation of foreign exchange contracts at the Statement of Financial Position date. The contract or underlying principal amounts of these foreign exchange contracts and their corresponding gross positive or negative fair values at Statement of Financial Position date are analysed below.

	<u>Contract or underlying principal amount</u>		<u>Year-end positive fair value</u>		<u>Year-end negative fair value</u>	
	2016 JPY'000	2015 JPY'000	2016 JPY'000	2015 JPY'000	2016 JPY'000	2015 JPY'000
Foreign forwards exchange contracts	7,609,419	8,326,300	-	-	48,612	93,405

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2016***7. Units in issue**

During the year ended 31 December 2016 and 31 December 2015, the number of units issued, redeemed and outstanding were as follows:

	2016 '000	2015 '000
SGD Hedged Class		
Units at beginning of the financial year	58,646	29,559
Units created	22,471	70,112
Units cancelled	(28,196)	(41,025)
Units at end of the financial year	<u>52,921</u>	<u>58,646</u>
Net assets attributable to unitholders - JPY'000	5,115,360	6,162,771
Net asset value per unit - JPY	<u>96.660</u>	<u>105.084</u>
	2016 '000	2015 '000
USD Hedged Class		
Units at beginning of the financial year	15,448	5,495
Units created	4,675	19,613
Units cancelled	(4,577)	(9,660)
Units at end of the financial year	<u>15,546</u>	<u>15,448</u>
Net assets attributable to unitholders - JPY'000	2,153,323	2,288,922
Net asset value per unit - JPY	<u>138.513</u>	<u>148.169</u>
	2016 '000	2015 '000
SGD Class		
Units at beginning of the financial year	-	-
Units created	2,891	-
Units cancelled	(1,102)	-
Units at end of the financial year	<u>1,789</u>	<u>-</u>
Net assets attributable to unitholders - JPY'000	160,845	-
Net asset value per unit - JPY	<u>89.908</u>	<u>-</u>

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

7. Units in issue (continued)

For valuation purpose, preliminary expenses are amortised over a period of 36 months from date of commencement of operations while for reporting purpose these preliminary expenses are expensed in the period when they are incurred.

A reconciliation of the net asset value as reported in the Statement of Financial Position to the net asset value as determined for the purpose of processing unit subscription and redemption is provided below:

	2016 JPY	2015 JPY
SGD Hedged Class		
Net assets attributable to unitholders as per financial statements per unit	96.660	105.084
Effect of distribution per unit	0.398	0.443
Effect of expensing preliminary expense per unit	-	0.009
Effect for movement in the net asset value between the last dealing date and the end of the reporting period [^]	0.003	-
Net assets attributable to unitholders for issuing/redeeming per unit	<u>97.061</u>	<u>105.536</u>

	2016 JPY	2015 JPY
USD Hedged Class		
Net assets attributable to unitholders as per financial statements per unit	138.513	148.169
Effect of distribution per unit	0.576	0.632
Effect of expensing preliminary expense per unit	-	0.013
Effect for movement in the net asset value between the last dealing date and the end of the reporting period [^]	0.003	-
Net assets attributable to unitholders for issuing/redeeming per unit	<u>139.092</u>	<u>148.814</u>

	2016 JPY	2015 JPY
SGD Class		
Net assets attributable to unitholders as per financial statements per unit	89.908	-
Effect of distribution per unit	0.386	-
Effect for movement in the net asset value between the last dealing date and the end of the reporting period [^]	0.004	-
Net assets attributable to unitholders for issuing/redeeming per unit	<u>90.298</u>	<u>-</u>

[^]The net asset value for the purposes of processing unit subscription and redemption was established in accordance with the methodology indicated in the Fund's Prospectus. This item reflects the movement in net asset value between the last dealing date and the end of the reporting period due to accrual of operating expenses.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

8. Distributions

	2016 JPY'000	2015 JPY'000
January interim distribution of US\$2.73, and S\$2.75 per 100 units in respect of the financial period ended 31 December 2016	180,512	-
February interim distribution of US\$0.44, and S\$0.44 per 100 units in respect of the financial period ended 31 December 2016	30,255	-
March interim distribution of US\$0.46, and S\$0.47 per 100 units in respect of the financial period ended 31 December 2016	31,502	-
April interim distribution of US\$0.46, S\$0.43 and S\$0.46 per 100 units in respect of the financial period ended 31 December 2016	30,469	-
May interim distribution of US\$0.45, S\$0.42 and S\$0.45 per 100 units in respect of the financial period ended 31 December 2016	29,034	-
June interim distribution of US\$0.43, S\$0.41 and S\$0.43 per 100 units in respect of the financial period ended 31 December 2016	28,062	-
July interim distribution of US\$0.44, S\$0.43 and S\$0.44 per 100 units in respect of the financial period ended 31 December 2016	27,719	-
August interim distribution of US\$0.43, S\$0.43 and S\$0.43 per 100 units in respect of the financial period ended 31 December 2016	26,736	-
September interim distribution of US\$0.43, S\$0.43 and S\$0.43 per 100 units in respect of the financial period ended 31 December 2016	27,501	-
October interim distribution of US\$0.44, S\$0.45 and S\$0.45 per 100 units in respect of the financial period ended 31 December 2016	29,408	-
November interim distribution of US\$0.46, S\$0.45 and S\$0.47 per 100 units in respect of the financial period ended 31 December 2016	31,447	-
December final distribution of US\$0.49, S\$0.46 and S\$0.49 per 100 units in respect of the financial period ended 31 December 2016	30,716	-
January interim distribution of US\$0.46 and S\$0.45 per 100 units in respect of the financial period ended 31 December 2015	-	13,166
February interim distribution of US\$0.48 and S\$0.48 per 100 units in respect of the financial period ended 31 December 2015	-	15,805
March interim distribution of US\$0.51 and S\$0.51 per 100 units in respect of the financial period ended 31 December 2015	-	18,219
April interim distribution of US\$0.53 and S\$0.53 per 100 units in respect of the financial period ended 31 December 2015	-	25,580
May interim distribution of US\$0.54 and S\$0.54 per 100 units in respect of the financial period ended 31 December 2015	-	33,022
June interim distribution of US\$0.55 and S\$0.55 per 100 units in respect of the financial period ended 31 December 2015	-	38,143
July interim distribution of US\$0.55 and S\$0.55 per 100 units in respect of the financial period ended 31 December 2015	-	42,787
August interim distribution of US\$0.56 and S\$0.56 per 100 units in respect of the financial period ended 31 December 2015	-	34,688
September interim distribution of US\$0.50 and S\$ 0.50 per 100 units in respect of the financial period ended 31 December 2015	-	32,282
October interim distribution of US\$0.51 and S\$0.51 per 100 units in respect of the financial period ended 31 December 2015	-	35,156
November interim distribution of US\$0.52 and S\$0.53 per 100 units in respect of the financial period ended 31 December 2015	-	35,899
December final distribution of US\$0.53 and S\$0.53 per 100 units in respect of the financial period ended 31 December 2015	-	35,760
	503,361	360,507

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

9. 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 a total return of capital growth and income over the medium to long-term by investing in equities listed and traded on the Tokyo Stock Exchange.

These 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 of market prices. The Fund's overall market positions are monitored regularly so as to assess any deviation from the Fund's investment objective. 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 industries in Japan.

As the Fund invests primarily in Japanese equities across different industries, the Manager is of the view that the price risk the Fund is subject to best reflected by movements in its benchmark of the TOPIX Total Return Index (the "Index").

As at 31 December 2016 and 31 December 2015, an increase/decrease in the Index components within the TOPIX Total Return Index by 10% (2015: 10%), with all other variables remaining constant, the net assets attributable to unitholders for the year would increase/decrease by approximately 10% (2015: 9%). 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. Reasonable possible changes in market index percentage are revised annually depending on management's current view on market volatility and other relevant factors.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

9. Financial risk management (continued)

(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 a 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.

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

31 December 2016	SGD JPY'000	JPY JPY'000	USD JPY'000	Total JPY'000
Assets				
Portfolio of investments	-	7,199,981	-	7,199,981
Sales awaiting settlement	-	7,226	-	7,226
Receivables	11,474	18,826	6,628	36,928
Cash and bank balances	148,808	220,504	37,440	406,752
Total Assets	160,282	7,446,537	44,068	7,650,887
Liabilities				
Payables	50,482	32,020	19,162	101,664
Purchases awaiting settlement	-	40,367	-	40,367
Distribution payable	21,783	-	8,933	30,716
Total Liabilities	72,265	72,387	28,095	172,747
Net off-balance sheet derivative financial instruments	5,396,346	(7,653,676)	2,208,718	
Net currency exposure	5,484,363	(279,526)	2,224,691	

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

9. Financial risk management (continued)

(c) Market risk - Currency risk (continued)

31 December 2015	SGD JPY'000	JPY JPY'000	USD JPY'000	Total JPY'000
Assets				
Portfolio of investments	-	8,208,696	-	8,208,696
Receivables	41,171	23,633	9,743	74,547
Cash and bank balances	138,871	172,298	73,972	385,141
Total Assets	180,042	8,404,627	83,715	8,668,384
Liabilities				
Payables	1,364	37,052	-	38,416
Purchases awaiting settlement	-	49,110	-	49,110
Distribution payable	25,994	-	9,766	35,760
Total Liabilities	27,358	86,162	9,766	123,286
Net off-balance sheet derivative financial instruments	6,043,824	(8,414,148)	2,276,919	
Net currency exposure	6,196,508	(95,683)	2,350,868	

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.

The following table shows the Fund's sensitivity to major foreign currencies exposure with all other variables held constant. Reasonable possible shifts in foreign exchange rate are revised annually depending on management's current view of market volatility and other relevant factors.

	Increase /decrease in foreign Exchange rate (%)		Increase /decrease in net asset attributable to unitholders (%)	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
SGD	12	9	9	6
USD	12	9	4	3

(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.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

9. Financial risk management (continued)

(d) Liquidity risk (continued)

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

The Fund's financial liabilities and net settled derivative financial liabilities are analysed using contracted undiscounted cash flows 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 are either payable upon demand or due in less than 3 months. The impact of discounting is not significant.

	<u>Less than 3 months</u>	
	As at 31 December 2016 JPY'000	As at 31 December 2015 JPY'000
Payables	101,664	38,416
Purchases awaiting settlement	40,367	49,110
Distribution payable	30,716	35,760
Contractual cash outflows (excluding gross settled derivatives)	172,747	123,286

The table below analyses the Fund's derivative financial instruments in a loss position that will be settled on a gross basis into relevant maturity groupings based on the remaining period from the Statement of Financial Position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cashflows. Balances due within 3 months equal their carrying balances, as the impact of discounting is not significant.

	<u>Less than 3 months</u>	
	As at 31 December 2016 JPY'000	As at 31 December 2015 JPY'000
Currency forwards		
- Inflow	7,605,063	8,320,742
- Outflow	(7,653,675)	(8,414,147)
Net Outflow	(48,612)	(93,405)

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

9. Financial risk management (continued)

(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.

Although the Fund does not have a concentration of credit risk that arises from exposure to a single counterparty, the Fund has material exposure to Japan that might potentially be subjected to economic, political and regulatory risks.

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.

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 custodians in which the Fund's assets are held as at 31 December 2016 and 2015.

	Credit rating as at 31 December 2016	Credit rating as at 31 December 2015	Source of credit rating
Bank balance			
- BNP Paribas Securities Services Singapore Branch	A	A+	Standard & Poor's
Custodian			
- BNP Paribas Securities Services Singapore Branch	A	A+	Standard & Poor's
Financial derivatives			
- Bank of America	N/A	BBB+	Standard & Poor's
- UBS AG (Singapore Branch)	N/A	A	Standard & Poor's
- Barclays Bank PLC	N/A	BBB	Standard & Poor's
- JP Morgan Chase & Company	A-	N/A	Standard & Poor's
- Standard Chartered Bank	A	N/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.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

9. Financial risk management (continued)

(f) 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.

(g) 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 31 December 2016 and 2015:

	Level 1 JPY'000	Level 2 JPY'000	Level 3 JPY'000	Total JPY'000
31 December 2016				
Assets				
Financial assets designated at fair value through profit or loss at inception				
- Quoted equities	6,897,443	-	-	6,897,443
- Quoted real estate investment trusts	302,538	-	-	302,538
	7,199,981	-	-	7,199,981
Liabilities				
- Financial derivatives at fair value	-	48,612	-	48,612
31 December 2015				
Assets				
Financial assets designated at fair value through profit or loss at inception				
- Quoted equities	7,850,614	-	-	7,850,614
- Quoted real estate investment trusts	358,082	-	-	358,082
	8,208,696	-	-	8,208,696
Liabilities				
- Financial derivatives at fair value	-	93,405	-	93,405

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

9. Financial risk management (continued)

(g) Fair value estimation (continued)

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

Financial instruments that trade in markets not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include over-the-counter derivatives.

Except for cash and bank balances which are classified as level 1, the Fund's assets and liabilities not measured at fair value at 31 December 2016 and 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.

10. 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	2015
	JPY'000	JPY'000
Bank balances held with related party of the Trustee	406,752	385,141

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

11. Financial ratios

Expense ratio

		2016	2015
SGD Hedged Class			
Total operating expenses	JPY'000	88,948	90,968
Average daily net asset value	JPY'000	5,156,731	5,062,257
Total Expense ratio¹	%	1.72	1.80

		2016	2015
USD Hedged Class			
Total operating expenses	JPY'000	31,796	33,274
Average daily net asset value	JPY'000	1,878,262	1,897,705
Total Expense ratio¹	%	1.69	1.75

		2016	2015
SGD Class			
Total operating expenses	JPY'000	741	-
Average daily net asset value	JPY'000	58,893	-
Total Expense ratio¹ (annualised)	%	1.67	-

Turnover ratio

		2016	2015
Lower of total value of purchases or sales	JPY'000	4,210,344	5,743,678
Average daily net asset value	JPY'000	7,079,534	6,959,962
Total turnover ratio²	%	59.47	82.52

¹ 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.

² 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 in June 2012, total value of purchases or sales for the current year do not include brokerage and other transaction costs.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

REPORT TO UNITHOLDERS

For the financial year ended 31 December 2016

The following contains additional information relating to the Fund.

1. Distribution of investments

Please refer to the Statement of Portfolio on pages 17 to 21.

2. Credit rating of debt securities

Nil.

3. Top 10 holdings

10 Largest holdings at 31 December 2016

	Fair value JPY'000	Percentage of total net assets attributable to unitholders %
Net One Systems Company Limited	183,335	2.47
NTT Docomo Incorporation	182,948	2.46
TechnoPro Holdings Incorporation	179,625	2.42
Nippon Telegraph & Telephone Corporation	177,323	2.39
Japan Tobacco Incorporation	176,824	2.38
Nihon Unisys Limited	175,665	2.36
Bridgestone Corporation	175,302	2.36
Pola Orbis Holdings Incorporation	173,700	2.34
Kyowa Exeo Corporation	172,237	2.32
Lawson Incorporation	171,589	2.31

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

REPORT TO UNITHOLDERS

For the financial year ended 31 December 2016

3. Top 10 holdings (continued)

10 Largest holdings at 31 December 2015	Fair value JPY'000	Percentage of total net assets attributable to unitholders %
NTT Docomo Incorporation	217,598	2.58
TechnoPro Holdings Incorporation	211,167	2.50
Amano Corporation	209,828	2.48
Aoyama Trading Company Limited	209,420	2.48
Sekisui House Limited	207,310	2.45
Lawson Incorporation	205,865	2.44
Nissan Motor Company Limited	204,592	2.42
Koei Tecmo Holdings Company Limited	202,297	2.39
Net One Systems Company Limited	202,043	2.39
Mizuho Financial Group Incorporation	198,793	2.35

4. Exposure to financial derivatives

	Fair value at 31 December 2016 JPY'000	Percentage of total net assets attributable to unitholders 31 December 2016 %	Unrealised gains/(losses) JPY'000	Realised gains/(losses) JPY'000
Forward foreign exchange contracts	(48,612)	(0.65)	(48,612)	(241,528)

5. Global exposure to financial derivatives

The global exposure to financial derivatives is computed using the commitment approach which is calculated as the sum of:

- a. the absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangement;
- b. the absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements; and
- c. the sum of the values of cash collateral received pursuant to:
 - i. the reduction of exposure to counterparties of OTC financial derivatives; and
 - ii. EPM techniques relating to securities lending and repurchase transactions, and that are reinvested.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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REPORT TO UNITHOLDERS

For the financial year ended 31 December 2016

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 17 to 21.

9. Borrowings

Nil.

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

JPY'000

Units created	2,681,106
Units cancelled	(3,078,414)

11. Turnover ratio

Please refer to Note 11 of the Notes to the Financial Statements on page 37.

12. Expense ratio

Please refer to Note 11 of the Notes to the Financial Statements on page 37.

13. Related party transactions

Please refer to Note 10 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 30 June 2016

Nikko AM
Japan Dividend Equity Fund

MANAGERS

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

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This report is also available on our website (www.nikkoam.com.sg)

PERFORMANCE SUMMARY

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	Since Inception
Benchmark ¹	-7.39	-18.54	-21.97	5.25	-	5.25
Nikko AM Japan Dividend Equity Fund SGD Hedged Class ²	-8.73	-15.93	-17.02	6.01	-	6.01

Source: © 2016 Morningstar, Inc. & 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 period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	Since Inception
Benchmark ¹	-7.39	-18.54	-21.97	5.25	-	5.25
Nikko AM Japan Dividend Equity Fund SGD Hedged Class ²	-13.30	-20.14	-21.17	4.21	-	4.21

Source: © 2016 Morningstar, Inc. & 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.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	Since Inception
Benchmark ¹	-7.39	-18.54	-21.97	5.25	-	5.25
Nikko AM Japan Dividend Equity Fund USD Hedged Class ²	-8.72	-15.98	-17.79	5.77	-	5.77

Source: © 2016 Morningstar, Inc. & 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. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	Since Inception
Benchmark ¹	-7.39	-18.54	-21.97	5.25	-	5.25
Nikko AM Japan Dividend Equity Fund USD Hedged Class ²	-13.28	-20.18	-21.90	3.97	-	3.97

Source: © 2016 Morningstar, Inc. & 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.

Inception date: 1 July 2013

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	Since Inception
Benchmark ³	1.40	-	-	-	-	1.40
Nikko AM Japan Dividend Equity Fund SGD Class	-0.27	-	-	-	-	-0.27

Source: © 2016 Morningstar, Inc. & 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. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	Since Inception
Benchmark ³	1.40	-	-	-	-	1.40
Nikko AM Japan Dividend Equity Fund SGD Class	-5.26	-	-	-	-	-5.26

Source: © 2016 Morningstar, Inc. & 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. Past performance is not indicative of future performance.

Inception date: 1 April 2016**Note:**

- (1) The Fund's benchmark is TOPIX Total Return Index and is stated in base currency terms.
- (2) The Fund's investment approach is not relative or constrained to its benchmark. The currency exposures of the "SGD Hedged Share Class" and the "USD Hedged Share Class" are hedged from the Fund's base currency – JPY to the share classes' currencies – SGD and USD respectively, to remove the currency conversion risk from the Fund's base currency to the respective share classes' currencies.
- (3) The Fund's benchmark is TOPIX Total Return Index and is stated in SGD terms.

Portfolio Review and Activity

The Nikko AM Japan Dividend Equity Fund (the "Fund") returned -15.93% (in SGD terms, NAV-NAV basis) in the six months to 30 June 2016 and 6.01% since its inception on 1 July 2013.

We maintained the portfolio's stock weighting during the year at around 97-99%. As at end-June 2016, the portfolio consisted of 53 issues with an average forward dividend yield of 3.73%.

Names newly incorporated into the portfolio during the period included: leading general leasing firm Orix, which has increased the stability of its earnings through the continued diversification of its portfolio of businesses; IT services provider Nihon Unisys, for which strong orders, mainly from financial institutions, have led to a recovery in profitability and to strong earnings momentum; leading global manufacturer of industrial-use and automotive chains Tsubakimoto Chain, for which we expect earnings to enter a recovery phase during the current fiscal year (ending March 2017) as it benefits from the positive effects of new product launches; major home improvement chain operator

DCM Holdings, which is expected to continue to post strong earnings thanks to the expansion of its store network through merger and acquisition activity; and global leader in resist ink for printed wiring boards Taiyo Holdings, which we repurchased after selling it off earlier in the year, as we felt it had become increasingly undervalued after its stock price dropped sharply on the projection of profit decline in the outlook it released with its earnings results.

Major stocks that were sold off during the period included: major Toyota-affiliated truckmaker Hino Motors, for which we determined that the recovery in its business in Indonesia, one of its mainstay markets, would take longer than expected; major general trading house Mitsui & Co, which we replaced in the portfolio with same-sector Mitsubishi Corporation due to increased uncertainty over Mitsui's dividend policy; manufacturer of test and measuring equipment Anritsu, as a recovery in communications sector demand for measuring instruments will take more time than initially anticipated and we therefore determined that there was a higher risk that the firm would reduce its dividend; major mobile phone network operator KDDI, which we no longer deemed attractive following a drop in its dividend yield; and parking lot operator PARK24, which became less undervalued in terms of its dividend yield after its stock price rose.

Overall, the Fund outperformed the broad-based market in the reporting period, as its strategy of investing in stocks with high dividend growth potential continued to coincide with the market focus on companies offering strong shareholder returns and introducing better corporate governance practices. While the Fund saw negative performance over the period, its investments in defensive and high-yield stocks helped limit its downside and led to its outperformance against the broader market.

Stocks that made large positive contributions during the period included names for which the market took a positive view of stable earnings performance, such as apartment builder Daito Trust Corporation, leading mobile phone network operator NTT Docomo, and real estate investment trust ORIX JREIT. Major cosmetics company Pola Orbis Holdings and manufacturer of labor time management systems Amano also contributed positively following announcements of strong earnings results.

On the other hand, stocks that contributed negatively included those weighed down by concern about the impact the Bank of Japan (BOJ)'s negative interest rate policy would have on their earnings, such as megabank operators Mizuho Financial Group and Sumitomo Mitsui Financial Group, as well as retail banking group Resona Holdings. Other negative contributors included export-driven names hampered by concerns of the impact of the strong yen, such as automaker Fuji Heavy Industries and electronic materials maker Dexerials.

Market Review

Japanese equity market fell in 1H 2016

The Japanese equity market fell during the period, with the TOPIX (with dividends) dropping 18.54% and the Nikkei 225 (with dividends) sliding 17.34% in JPY terms.

The Japanese market turned downward in January following a sharp drop in stock prices in Shanghai that necessitated the application of circuit breaker mechanisms on the Shanghai and Shenzhen stock exchanges. Following the end-January BOJ announcement of a negative interest rate, stock prices climbed, reflecting expectations that the policy would support Japan's economy. However, the market dropped again amid weak corporate earnings results in Japan and on the rapid strengthening

of the yen following congressional testimony by US Federal Reserve Board Chair Janet Yellen. While comprehensive monetary easing measures announced by the European Central Bank (ECB) in early March provided some momentum to stock buying, the further strengthening of the yen and the emergence of a cautious outlook for corporate earnings put downward pressure on the market, resulting in directionless trade for much of March.

In April, with OPEC's failure to reach an agreement on capping oil production and worries over how an earthquake in southern Japan in the middle of the month would affect supply chains, stock prices fell across the board. The market faced further pressure as the BOJ decided, contrary to expectations, against further monetary easing at its meeting in late April. This triggered further strengthening in the yen which raised concerns over a decline in corporate earnings. However, comments by Prime Minister Shinzo Abe in late May signalled the possibility that a planned hike in Japan's consumption tax rate would be delayed, while Fed Chair Yellen spoke optimistically of raising US interest rates in the very near future. In response, the yen changed direction, sharply weakening against the dollar, and the stock market rose. However, stock prices subsequently dropped in June amid lowered expectations for a US interest rate hike and concerns that the forthcoming referendum in the UK could result in it leaving the European Union (EU). In addition, the Fed's decision not to raise interest rates and the BOJ once again declining to introduce additional monetary easing measures resulted in the further strengthening of the yen and a drop in stock prices. Then, in a 23 June national referendum, UK voters decided in favour of leaving the EU, causing the yen to surge even further and triggering a clear shift to risk-averse sentiment among investors.

Overall, in terms of sector performance, all 33 TOPIX sectors fell during the period, with the Securities & Commodity Futures, Insurance, and Banks sectors dropping the most. Despite declining during the period, the best-performing sectors were Information & Communication, Foods, and Construction.

Market Outlook

Japanese stocks appear undervalued

The Japanese equity market has dropped significantly, weighed down both by increased uncertainty over the global economy following the UK's decision to leave the EU and concerns that Japanese companies may revise their earnings downward due to the sharp strengthening of the yen. In response to turbulence in global financial markets, central banks have confirmed that they will be taking steps to increase the supply of US dollars, thereby ensuring that an appropriate safety net is in place. As such, we believe that a financial crisis such as the one in 2008 is unlikely to occur and that the markets will gradually regain stability. While there may be some continued volatility in stock prices as markets price in the effect of the UK's exit from the EU, over the medium term, Japanese corporations are starting to effect structural changes, as management teams are making investments for the future and aggressively strengthening shareholder returns in order to improve their firms' returns on equity (ROE), which are low compared to those of firms in Europe and North America. As such, we believe the current Japanese stock market is undervalued.

Many companies increasing dividends, announcing share buybacks

We also expect volatility to continue in the market over the short-term due to changes in the foreign exchange market. However, with the introduction of Japan's Stewardship Code and Corporate Governance Code, we are seeing the start of structural change through which Japanese firms are shifting to a style of management that emphasizes capital efficiency. This has led to firms launching efforts to raise ROE, such as investing in future growth (via capital spending and M&A activity) and strengthening their stance on shareholder returns. We therefore think that Japanese stocks will maintain their rise over the medium term.

Due to the recent global economic slowdown and the strengthening of the yen, we are seeing many companies announce their forecasts of a year-on-year decline in earnings. That said, many firms have either maintained or hiked their dividend payout. And following the drop in stock prices, there has been an increase in the number of firms engaging in share buybacks. Overall, the movement toward a strengthening of shareholder returns is continuing. And with the significant drop in bond yields, there is an increasing likelihood that we will see a shift in investor money to names with high dividend yields, providing a strong tailwind to this fund.

Investment Strategy

Portfolio is characterised by low volatility and low correlation relative to the market

In principle, we manage the portfolio based on an investment policy of making highly selective investments in companies with future dividend growth potential from among those whose projected dividend yield is higher than the market average. In making stock selections, we focus on bottom-up research, thoroughly scrutinizing each company's corporate competitiveness, cash flow generation capacity, financial stability and stance on shareholder return. We therefore carefully select firms that are able to continually grow their dividends, and invest from a medium- to long-term perspective. Since many of the holdings are in stable growth stocks with strong earnings power and sound financials, the portfolio is characterized by low volatility and low correlation with the market. Currently, many of the portfolio's holdings are in telecommunications firms, information services companies, retailers, general trading companies, and machinery.

Focus on names with ample cash reserves and strong earnings momentum

In terms of stock selection, we will seek out names with ample cash reserves and/or strong earnings momentum that balance investment in future growth with providing returns to shareholders. In particular, we will focus on those names from which sustained dividend growth can be expected, paying close attention to firms where there are indications that management (via business mid-term plans, etc.) is changing its stance on shareholder returns. At the same time, given major changes to the external environment through the decline in interest rates and the strengthening of the yen, for the time being we plan to take a cautious investment stance toward banks and export-related sectors and will continue to manage the portfolio with a focus on domestic demand-driven names.

Despite remaining uncertainty with regard to the direction of the global economy, we are seeing an acceleration of corporate governance reforms in Japan. As such, we believe by selecting firms with healthy financials and whose management teams are balancing shareholder returns with forward-looking growth strategies (including capital spending and M&A activity), we will be able to take advantage of the structural changes occurring in Japan's corporate sector.

IMPORTANT INFORMATION

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) 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 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

Appointment of soft dollar brokers

Soft dollar brokers will be appointed onto the Managers' broker panel only after the Managers 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 its 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.

Records of the payments made using soft dollar commissions shall be retained with the Managers.

Subject to the provisions of the Code, the Sub-Managers of the Nikko AM Japan Dividend Equity 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 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 "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 JAPAN DIVIDEND EQUITY FUND

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

STATEMENT OF TOTAL RETURN

For the financial period from 01 January 2016 to 30 June 2016 (unaudited)

	30 June 2016 JPY'000	30 June 2015 JPY'000
Income		
Dividends	123,121	69,228
	<u>123,121</u>	<u>69,228</u>
Less: Expenses		
Management fee	53,286	39,413
Registrar fee	1,780	1,652
Trustee fee	1,019	795
Custody fee	723	553
Audit fee	453	577
Valuation fee	1,359	1,060
Transaction costs	7,288	12,590
Other expenses	1,569	2,811
	<u>67,477</u>	<u>59,451</u>
Net income	<u>55,644</u>	<u>9,777</u>
Net gains or losses on value of investments and financial derivatives		
Net (losses)/gains on investments	(1,284,663)	771,888
Net foreign exchange (losses)/gains	(28,188)	11,549
Net (losses)/gains on financial derivatives	(873,821)	92,936
	<u>(2,186,672)</u>	<u>876,373</u>
Total (deficit)/return for the financial period before income tax	<u>(2,131,028)</u>	<u>886,150</u>
Less: Income tax	<u>(18,856)</u>	<u>(10,602)</u>
Total (deficit)/return for the financial period after income tax	<u>(2,149,884)</u>	<u>875,548</u>

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2016 (unaudited)

	30 June 2016 JPY'000	31 December 2015 JPY'000
ASSETS		
Portfolio of investments	6,153,891	8,208,696
Sales awaiting settlement	29,993	-
Receivables	37,701	74,547
Cash and bank balances	453,637	385,141
Total assets	6,675,222	8,668,384
LIABILITIES		
Payables	78,060	38,416
Purchases awaiting settlement	108,327	49,110
Distributions payable	27,286	35,760
Financial derivatives at fair value	159,812	93,405
Total liabilities	373,485	216,691
EQUITY		
Net assets attributable to unitholders	6,301,737	8,451,693

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the financial period from 01 January 2016 to 30 June 2016 (unaudited)

	30 June 2016 JPY'000	31 December 2015 JPY'000
Net assets attributable to unitholders at the beginning of the financial period/year	8,451,693	3,661,256
Operations		
Change in net assets attributable to unitholders resulting from operations	(2,149,884)	197,552
Unitholders' contributions/(withdrawals)		
Creation of units	1,315,584	10,880,590
Cancellation of units	(986,598)	(5,927,198)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	328,986	4,953,392
Distributions	(329,058)	(360,507)
Total (decrease)/increase in net assets attributable to unitholders	(2,149,956)	4,790,437
Net assets attributable to unitholders at the end of the financial period/year	6,301,737	8,451,693

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2016 (unaudited)*

By Industry (Primary)	Holdings at 30 June 2016	Fair value at 30 June 2016 JPY'000	Percentage of total net assets attributable to unitholders at 30 June 2016 %
Quoted Equities			
AGRICULTURE			
Japan Tobacco Incorporated	20,800	85,342	1.35
Total AGRICULTURE		<u>85,342</u>	<u>1.35</u>
AUTO MANUFACTURERS			
Fuji Heavy Industries Limited	36,200	125,904	2.00
Nissan Motor Company Limited	135,900	124,743	1.98
Toyota Motor Corporation	10,900	55,067	0.87
Total AUTO MANUFACTURERS		<u>305,714</u>	<u>4.85</u>
AUTO PARTS AND EQUIPMENT			
Bridgestone Corporation	39,700	129,779	2.06
Total AUTO PARTS & EQUIPMENT		<u>129,779</u>	<u>2.06</u>
BANKS			
Aozora Bank Limited	396,000	140,184	2.22
Mizuho Financial Group Incorporated	415,900	61,678	0.98
Resona Holdings Incorporated	373,700	139,016	2.21
Sumitomo Mitsui Financial Group Incorporated	21,600	63,202	1.00
Total BANKS		<u>404,080</u>	<u>6.41</u>
CHEMICALS			
Denka Company Limited	286,000	117,546	1.87
Taiyo Holdings Company Limited	29,300	92,149	1.46
Total CHEMICALS		<u>209,695</u>	<u>3.33</u>
COMMERCIAL SERVICES			
Technopro Holdings Incorporated	46,300	147,003	2.33
Total COMMERCIAL SERVICES		<u>147,003</u>	<u>2.33</u>
COMPUTERS			
Bell System24 Holdings Incorporated	144,100	118,018	1.87
NEC Networks & System Integration Corporation	89,400	161,814	2.57
Net One Systems Company Limited	259,300	152,728	2.42
Total COMPUTERS		<u>432,560</u>	<u>6.86</u>
COSMETICS/PERSONAL CARE			
Pola Orbis Holdings Incorporated	12,000	114,600	1.82
Total COSMETICS/PERSONAL CARE		<u>114,600</u>	<u>1.82</u>
DISTRIBUTION/WHOLESALE			
Inabata & Company Limited	123,200	113,714	1.80
Itochu Corporation	103,300	128,040	2.03
Mitsubishi Corporation	35,400	63,295	1.00
Paltac Corporation	23,800	49,290	0.78
Total DISTRIBUTION/WHOLESALE		<u>354,339</u>	<u>5.61</u>

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2016 (unaudited)***By Industry (Primary) (continued)**

	Holdings at 30 June 2016	Fair value at 30 June 2016 JPY'000	Percentage of total net assets attributable to unitholders at 30 June 2016 %
Quoted Equities (continued)			
DIVERSIFIED FINANCIAL SERVICES			
Orix Corporation	97,200	127,138	2.02
Total DIVERSIFIED FINANCIAL SERVICES		127,138	2.02
ELECTRONICS			
Dexerials Corporation	116,400	83,226	1.32
Inaba Denki Sangyo Company Limited	41,500	144,627	2.30
Star Micronics Company Limited	105,000	112,455	1.78
Total ELECTRONICS		340,308	5.40
ENTERTAINMENT			
Avex Group Holdings Incorporated	54,600	63,008	1.00
Heiwa Corporation	54,800	113,381	1.80
Total ENTERTAINMENT		176,389	2.80
ENVIRONMENTAL CONTROL			
Asahi Holdings Incorporated	95,500	141,245	2.24
Total ENVIRONMENTAL CONTROL		141,245	2.24
HOME BUILDERS			
Sekisui House Limited	95,000	169,052	2.68
Total HOME BUILDERS		169,052	2.68
HOUSEWARES			
Sangetsu Company Limited	29,600	56,714	0.90
Total HOUSEWARES		56,714	0.90
LEISURE TIME			
Accordia Golf Company Limited	97,700	104,734	1.66
Total LEISURE TIME		104,734	1.66
MACHINERY-CONSTRUCTION AND MINING			
Komatsu Limited	59,400	105,108	1.67
Total MACHINERY-CONSTRUCTION AND MINING		105,108	1.67
MACHINERY-DIVERSIFIED			
Tsubakimoto Chain Company	191,000	119,566	1.90
Total MACHINERY-DIVERSIFIED		119,566	1.90
METAL FABRICATE/HARDWARE			
Hanwa Company Limited	140,000	74,200	1.18
Total METAL FABRICATE/HARDWARE		74,200	1.18
MISCELLANEOUS MANUFACTURE			
Amano Corporation	76,900	136,574	2.17
Total MISCELLANEOUS MANUFACTURE		136,574	2.17

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2016 (unaudited)***By Industry (Primary) (continued)**

	Holdings at 30 June 2016	Fair value at 30 June 2016 JPY'000	Percentage of total net assets attributable to unitholders at 30 June 2016 %
Quoted Equities (continued)			
OFFICE/BUSINESS EQUIPMENT			
Canon Incorporated	36,800	107,180	1.70
Seiko Epson Corporation	69,400	113,330	1.80
Total OFFICE/BUSINESS EQUIPMENT		220,510	3.50
OIL AND GAS			
JX Holdings Incorporated	188,500	75,155	1.19
Tonengeneral Sekiyu KK	101,000	93,930	1.49
Total OIL AND GAS		169,085	2.68
PHARMACEUTICALS			
Otsuka Holdings Company Limited	16,500	77,864	1.24
Total PHARMACEUTICALS		77,864	1.24
REAL ESTATE			
Daito Trust Construction Company Limited	10,700	178,048	2.83
Total REAL ESTATE		178,048	2.83
RETAIL			
Aoki Holdings Incorporated	97,700	103,171	1.64
Aoyama Trading Company Limited	40,400	151,904	2.41
DCM Holdings Company Limited	166,500	145,687	2.31
K's Holdings Corporation	43,400	82,764	1.31
Lawson Incorporated	20,700	169,119	2.68
VT Holdings Company Limited	273,900	127,637	2.03
Total RETAIL		780,282	12.38
SOFTWARE			
Koei Tecmo Holdings Company Limited	44,300	82,885	1.32
Nihon Unisys Limited	116,700	147,042	2.33
Total SOFTWARE		229,927	3.65
TELECOMMUNICATIONS			
Nippon Telegraph & Telephone Corporation	32,700	156,960	2.49
NTT Docomo Incorporated	69,600	192,548	3.06
Total TELECOMMUNICATIONS		349,508	5.55
TRANSPORTATION			
Senko Company Limited	221,300	136,100	2.16
Total TRANSPORTATION		136,100	2.16
Total Quoted Equities		5,875,464	93.23

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2016 (unaudited)*

By Industry (Primary) (continued)

	Holdings at 30 June 2016	Fair value at 30 June 2016 JPY'000	Percentage of total net assets attributable to unitholders at 30 June 2016 %
Quoted Real Estate Investment Trusts			
REAL ESTATE INVESTMENT TRUSTS			
Japan Hotel REIT Investment Corporation	1,495	129,318	2.05
Orix JREIT Incorporated	841	149,109	2.37
Total REAL ESTATE INVESTMENT TRUSTS		278,427	4.42
Total Quoted Real Estate Investment Trusts		278,427	4.42
Portfolio of investments		6,153,891	97.65
Other net assets		147,846	2.35
Net assets attributable to unitholders		6,301,737	100.00

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2016 (unaudited)*

By Industry (Summary)	Fair value at 30 June 2016 JPY'000	Percentage of total net assets attributable to unitholders at 30 June 2016 %	Percentage of total net assets attributable to unitholders at 31 December 2015 %
Agriculture	85,342	1.35	2.24
Auto Manufacturers	305,714	4.85	9.14
Auto Parts and Equipment	129,779	2.06	2.20
Banks	404,080	6.41	9.00
Chemicals	209,695	3.33	2.65
Commercial Services	147,003	2.33	3.38
Computers	432,560	6.86	6.37
Cosmetics/Personal Care	114,600	1.82	1.80
Distribution/Wholesale	354,339	5.61	5.76
Diversified Financial Services	127,138	2.02	-
Electronics	340,308	5.40	7.02
Entertainment	176,389	2.80	2.76
Environmental Control	141,245	2.24	2.24
Home Builders	169,052	2.68	2.45
Housewares	56,714	0.90	0.60
Leisure Time	104,734	1.66	1.51
Machinery-Construction and Mining	105,108	1.67	2.23
Machinery-Diversified	119,566	1.90	-
Metal Fabricate/Hardware	74,200	1.18	2.22
Miscellaneous Manufacture	136,574	2.17	2.48
Office/Business Equipment	220,510	3.50	4.23
Oil and Gas	169,085	2.68	1.99
Pharmaceuticals	77,864	1.24	1.88
Real Estate	178,048	2.83	1.81
Real Estate Investment Trusts	278,427	4.42	4.24
Retail	780,282	12.38	8.41
Software	229,927	3.65	2.39
Telecommunications	349,508	5.55	4.94
Transportation	136,100	2.16	1.18
Portfolio of investments	6,153,891	97.65	97.12
Other net assets	147,846	2.35	2.88
Net assets attributable to unitholders	6,301,737	100.00	100.00

As the Fund invests wholly into Japanese equities, it is not meaningful to classify the investments into geography.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

REPORT TO UNITHOLDERS

For the financial period from 01 January 2016 to 30 June 2016 (unaudited)

The following contains additional information relating to the Fund.

1. Distribution of investments

Please refer to the Statement of Portfolio on pages 12 to 16.

2. Credit rating of debt securities

Nil.

3. Top 10 holdings

10 Largest holdings at 30 June 2016

	Fair value JPY'000	Percentage of total net assets attributable to unitholders %
NTT Docomo Incorporated	192,548	3.06
Daito Trust Construction Company Limited	178,048	2.83
Lawson Incorporated	169,119	2.68
Sekisui House Limited	169,052	2.68
NEC Networks & System Integration Corporation	161,814	2.57
Nippon Telegraph & Telephone Corporation	156,960	2.49
Net One Systems Company Limited	152,728	2.42
Aoyama Trading Company Limited	151,904	2.41
Orix JREIT Incorporated	149,109	2.37
Nihon Unisys Limited	147,042	2.33

10 Largest holdings at 30 June 2015

	Fair value JPY'000	Percentage of total net assets attributable to unitholders %
Aozora Bank Limited	225,918	2.53
NTT Docomo Incorporation	220,102	2.47
Nissan Motor Company Limited	218,790	2.45
Canon Incorporation	216,648	2.43
Lawson Incorporation	216,204	2.42
Sumitomo Mitsui Financial Group Incorporation	208,534	2.34
Mizuho Financial Group Incorporation	207,866	2.33
Toyota Motor Corporation	206,716	2.32
Bridgestone Corporation	206,454	2.31
Sekisui House Limited	202,954	2.28

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

REPORT TO UNITHOLDERS

For the financial period from 01 January 2016 to 30 June 2016 (unaudited)

4. Exposure to financial derivatives

	Fair value at 30 June 2016 JPY'000	Percentage of total net assets attributable to unitholders 30 June 2016 %	Unrealised gains/(losses) JPY'000	Realised gains/(losses) JPY'000
Forward foreign exchange contracts	(159,812)	2.54	(159,812)	(714,009)

5. Global exposure to financial derivatives

The global exposure to financial derivatives is computed using the commitment approach which is calculated as the sum of:

- a. the absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangement;
- b. the absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements; and
- c. the sum of the values of cash collateral received pursuant to:
 - i. the reduction of exposure to counterparties of OTC financial derivatives; and
 - ii. EPM techniques relating to securities lending and repurchase transactions, and that are reinvested.

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 page 15.

9. Borrowings

Nil.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

REPORT TO UNITHOLDERS

For the financial period from 01 January 2016 to 30 June 2016 (unaudited)

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

	JPY'000
Units created	1,315,584
Units cancelled	(986,598)

11. Turnover ratio

	30 June 2016	30 June 2015
Lower of total value of purchases or sales	JPY'000 1,912,376	1,626,601
Average daily net asset value	JPY'000 7,254,043	5,333,364
Total turnover ratio ^{Note}	26.36	30.50

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 in June 2012, total value of purchases or sales for the current year do not include brokerage and other transaction costs.

12. Expense ratio

	30 June 2016	30 June 2015
SGD Hedged Class		
Total operating expenses	JPY'000 100,506	57,391
Average daily net asset value	JPY'000 5,751,953	3,137,908
Total expense ratio ^{Note}	1.75	1.83

	30 June 2016	30 June 2015
USD Hedged Class		
Total operating expenses	JPY'000 36,960	17,817
Average daily net asset value	JPY'000 2,157,845	1,001,941
Total expense ratio ^{Note}	1.71	1.78

	30 June 2016	30 June 2015
SGD Unhedged Class		
Total operating expenses	JPY'000 80	N.A.
Average daily net asset value	JPY'000 18,757	N.A.
Total expense ratio ^{Note} (annualised)	1.74	N.A.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

REPORT TO UNITHOLDERS

For the financial period from 01 January 2016 to 30 June 2016 (unaudited)

12. Expense ratio (continued)

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. Trustee fee and registrar 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 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:

	30 June 2016	31 December 2015
	JPY'000	JPY'000
Bank balances held with related party of the Trustee	453,637	385,141

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

Nil.

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