



Nikko AM Singapore STI ETF

The Best of Singapore's
Blue-Chip Corporations

YOUR GOALS, OUR COMMITMENT.

Nikko AM Singapore STI ETF

The Nikko AM Singapore STI ETF seeks to track the total returns of the Straits Times Index (STI) before expenses.

It adopts a full replication strategy, investing substantially all of its assets in shares of the companies in the STI, in the same approximate proportion as their weightings within the STI.

In Singapore, the Nikko AM Singapore STI ETF is classified as an Excluded Investment Product. This means that a Customer Account Review is not required before an investor transacts in the fund.

The Fund is included under the CPFIS - Ordinary Account and has been classified by the CPF Board under the Higher Risk - Narrowly Focused - Country - Singapore.

The Nikko AM Singapore STI ETF could be of interest to investors:

- who want to invest in blue-chip companies in a familiar market
- looking for a low cost and simple way to get exposure to the Singapore stock market
- seeking a well-diversified Singapore equity portfolio, without the need to perform individual stock picking or in-depth company research

Fund Details

Benchmark	Straits Times Index
Listing Date	24 February 2009 on the Singapore Exchange
Fund Structure	Open-ended Listed Unit Trust traded on Singapore Exchange
Lot Structure	100 units per lot
Dividend Distribution Frequency	Semi-Annually [^]
Manager / Trustee	Nikko Asset Management Asia Limited/ HSBC Institutional Trust Services (Singapore) Limited
Management Fee / Trustee Fee	0.20% p.a. / up to 0.045% p.a.
Designated Market Makers	Flow Traders Asia Pte. Ltd. / Commerzbank AG (Hong Kong)
SGX Stock Code	G3B
SGX Trading Name	Nikko AM STI ETF
Bloomberg Ticker	DBSSTI SP
ISIN	SG1X52941694

[^] Distributions are not guaranteed and are at the absolute discretion of the Manager. Distributions could be derived from interest income or capital gain, and where distributions are made from capital, prior-approval by the Fund's trustee is required. Distributions paid out of capital of the Fund will decrease its Net Asset Value. Please refer to the Fund's prospectus and Product Highlight Sheet for further details.



The Straits Times Index (STI)

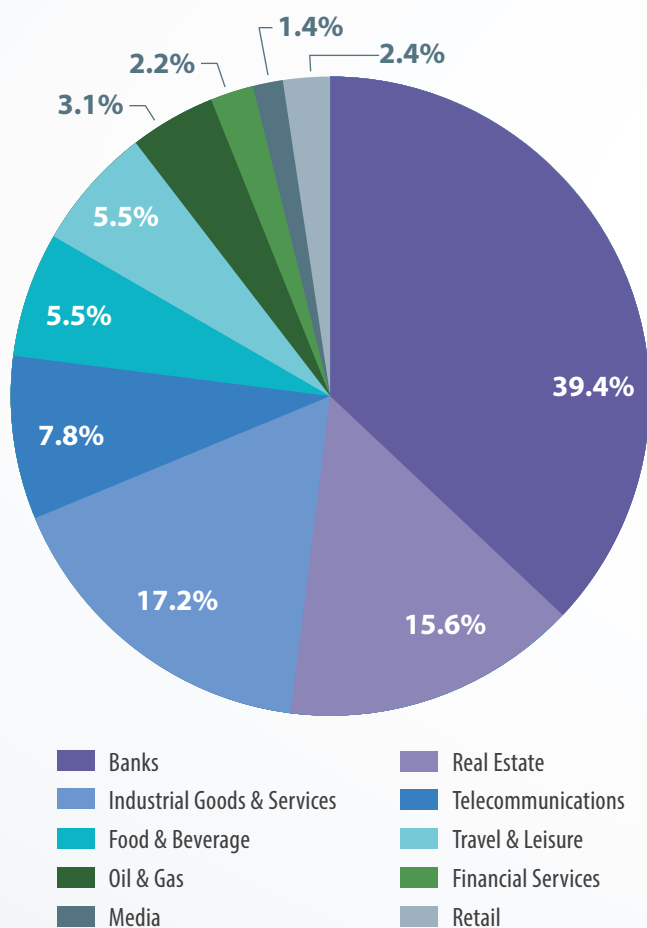
The Straits Times Index (STI) is a representative index for the performance of the Singapore stock market. It comprises the top 30 largest companies listed on the Singapore Exchange by market capitalisation.

Many of the companies in the index are well-established household names that many Singaporeans would be familiar with (e.g. DBS Group Holdings, Singapore Telecommunications, Capitaland). The index includes a well-diversified range of sectors such as airlines, banks, food & beverage, retail, telecommunications, etc.

Dividend yield on the index has historically been between 3% to 4% per annum*.

* Source: FTSE, for the period February 2014 to February 2019

Figure 1: Industry Breakdown and Characteristics of STI



Top 10 Constituents	Weight (%)
DBS Group Holdings	15.52%
Overseas-Chinese Banking	12.74%
United Overseas Bank	11.10%
Singapore Telecommunications	7.78%
Jardine Matheson Holdings	6.75%
Hongkong Land Holdings	3.91%
Jardine Strategic Holdings	3.35%
Keppel	3.05%
Capitaland	2.98%
Thai Beverage	2.77%

Index Characteristics	
Number of Constituents	30
Dividend Yield	3.87% p.a.
Top 10 Holdings (% Index)	69.96%

Source: Bloomberg, FTSE, as of 28 February 2019

STI - Gateway to Asia's Growth

About half of the estimated revenues of the companies making up the STI are actually derived outside of Singapore.

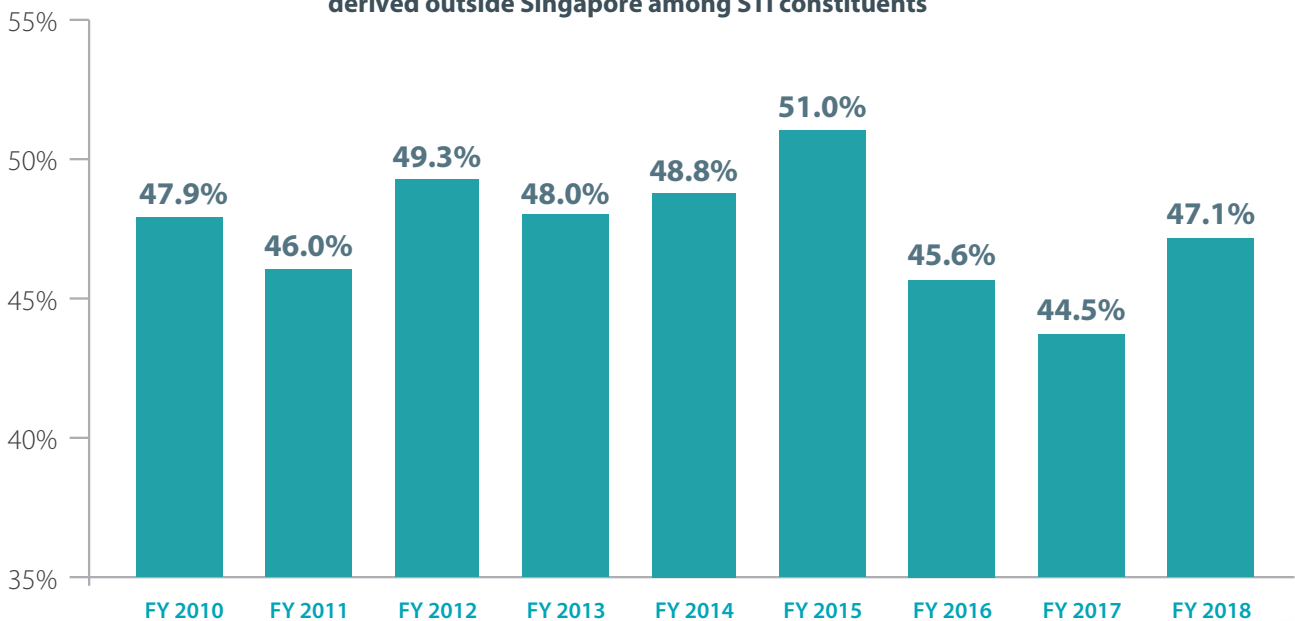
For instance, about 74% of Singapore Telecommunications' operating profits (for FY2018) were derived outside Singapore in countries like Australia, Indonesia, India, Thailand, Bangladesh and the Philippines. Also, about 33% of DBS Group Holdings' revenue (for FY2018) were sourced from Hong Kong, Greater China, South and Southeast Asia regions.*

In addition, some of the companies in the STI are foreign based companies with core business interests residing outside Singapore. For example, Thai Beverage is a major beverage producer that earns the majority of its revenues from Thailand.

This means that investors in the STI not only gain exposure to the stable long term growth potential of Singapore, they also benefit from the STI's significant exposure to the fast growing Asian region.

* Source: Financial reports published by Singapore Telecommunications and DBS Group Holdings as of 31 March 2018 and 31 December 2018 respectively.

Figure 2: Average percentage of estimated revenues derived outside Singapore among STI constituents



Source: Bloomberg, Nikko AM Asia, as of 28 February 2019, based on available data. Any reference to particular securities is for illustrative purposes only. This is not a recommendation in relation to any named securities and no warranty or guarantee is provided.

World Class Corporate Governance

Investors in Singapore equity are assured that these investments operate in an environment of strong corporate governance and transparency. One of the major concerns about investing in Asia is the lack of a robust corporate governance framework and shareholder protection laws in the region. Singapore is consistently amongst the top Asian countries in corporate governance standards.

Table 1: Singapore ranks 1st in corporate governance standards within Asia
Corporate Governance Watch market scores: 2010 to 2016

	2010	2012	2014	2016	Change 2014 vs 2016 (ppt)	Direction of corporate governance reform
1 Singapore	67	69	64	67	(+3)	Mostly sunny, but storms ahead?
2 Hong Kong	65	66	65	65	-	Action, reaction: the cycle of Hong Kong life
3 Japan	57	55	60	63	(+3)	Cultural change occurring, but rules still weak
4 Taiwan	55	53	56	60	(+4)	The form is in, now need the substance
5 Thailand	55	58	58	58	-	Could be on the verge of something great, if...
6 Malaysia	52	55	58	56	(-2)	Regulation improving, public governance falling
7 India	49	51	54	55	(+1)	Forward movement impeded by vested interests
8 Korea	45	49	49	52	(+3)	Forward movement impeded by vested interests
9 China	49	45	45	43	(-2)	Falling further behind, but enforcement better
10 Phillipines	37	41	40	38	(-2)	New policy initiatives, but regulatory ennui
11 Indonesia	40	37	39	36	(-3)	Losing momentum after progress of recent years

Source: Asian Corporate Governance Association, as of 30 Sep 2016

Find out more on www.nikkoam.com.sg/etf/sti

Tel: +65-6500 5700, 1-800-535-8025 | Email: SGETF@nikkoam.com

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 or ETFs 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.

The information contained herein may not be copied, reproduced or redistributed without the express consent of Nikko AM Asia. While reasonable care has been taken to ensure the accuracy of the information as at the date of publication, Nikko AM Asia does not give any warranty or representation, either express or implied, and expressly disclaims liability for any errors or omissions. Information may be subject to change without notice. Nikko AM Asia accepts no liability for any loss, indirect or consequential damages, arising from any use of or reliance on this document. This advertisement has not been reviewed by the Monetary Authority of Singapore.

The performance of the ETF's price on the Singapore Stock Exchange ("SGX") may be different from the net asset value per unit of the ETF. The ETF may also be delisted from the SGX. Transaction in units of the ETF will result in brokerage commissions. Listing of the units does not guarantee a liquid market for the units. Units of the ETF may be bought or sold throughout trading hours of the SGX through any brokerage account. Investors should note that the ETF differs from a typical unit trust and units may only be created or redeemed directly by a participating dealer in large creation or redemption units. Investors may only redeem the units with Nikko AM Asia under certain specified conditions.

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 2019, 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").

The units of Nikko AM Singapore STI ETF are not in any way sponsored, endorsed, sold or promoted by FTSE International Limited ("FTSE"), the London Stock Exchange Plc (the "Exchange"), The Financial Times Limited ("FT"), SPH Data Services Pte Ltd ("SPH") or Singapore Press Holdings Ltd ("SGP") (collectively, the "Licensor Parties") and none of the Licensor Parties make any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the Straits Times Index ("Index") and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by FTSE. None of the Licensor Parties shall be under any obligation to advise any person of any error therein.

"FTSE®", "FT-SE®" are trade marks of the Exchange and the FT and are used by FTSE under license. "STI" and "Straits Times Index" are trade marks of SPH and are used by FTSE under licence. All intellectual property rights in the ST index vest in SPH and SGP.

Please refer to Prospectus of the Fund for complete information on fees, units, creation & cancellation, or any other matters.