

ANNUAL REPORT

For the financial year ended 31 December 2017

Nikko AM Shenton Global Opportunities Fund

MANAGERS

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

DIRECTORS

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

TRUSTEE & REGISTRAR

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

AUDITORS

PricewaterhouseCoopers LLP
7 Straits View, Marina One,
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Singapore 018936
(With effect from 2 January 2018)

CUSTODIAN

BNP Paribas Securities Services, operating through its Singapore Branch
20 Collyer Quay, #01-01
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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	10 Yr	Since Inception
Nikko AM Shenton Global Opportunities Fund ¹	2.25	6.88	14.48	10.03	13.20	0.27	3.92
MSCI World Free Index ²	3.83	7.36	12.49	7.90	11.72	2.22	1.87

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2017. Returns are calculated on 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	10 Yr	Since Inception
Nikko AM Shenton Global Opportunities Fund ¹	-2.87	1.54	8.76	8.16	12.05	-0.24	3.64
MSCI World Free Index ²	3.83	7.36	12.49	7.90	11.72	2.22	1.87

Source: Nikko Asset Management Asia Limited, returns as at 31 December 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 takes into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 5 March 1999

Note:

- (1) With effect from 17 October 2011, the Fund (formerly known as "Shenton Global Opportunities Fund") has been renamed Nikko AM Shenton Global Opportunities Fund.
- (2) With effect from 16 March 2015, the appointment of Nikko Asset Management Co., Ltd ("NAM Japan") as the investment adviser for the Fund has been terminated and Nikko Asset Management Europe Ltd ("NAM Europe") has been appointed as the sub-manager of the Fund.
- (3) With effect from 16 March 2015, the Fund's base currency has been changed from Singapore dollars to United States dollars.
- (4) Prior to 1 May 2017, the performance returns of the benchmark is calculated using price index methodology. With effect from 1 May 2017, it is calculated using net total return index methodology.

Portfolio Review

Fund returned 14.48% in 2017

For the year ended 31 December 2017, the Nikko AM Shenton Global Opportunities Fund (the "Fund") returned 14.48% (SGD terms, on NAV-NAV basis), outperforming the MSCI World Free Index which returned 12.49% over the same period.

The main contributors to performance included Tencent, LivaNova, Progressive and Geely Automobile. Tencent's core online gaming business and less developed franchises like online advertising and e-payments continued to grow strongly. The company was also driven higher by strong operating results and the relative strength of the IT sector. LivaNova performed strongly following better than expected results, new analyst coverage and guidance from management. The company also announced that they will sell their weakest business, CRM, to MicroPort Scientific for USD 190m. Progressive,

the US auto and home insurer, continued to deliver industry leading growth and profitability over 2017, supported by better execution and disciplined underwriting together with a rational competitive environment. Progressive was also seen as a big winner of US tax reform in December 2017 as all of its revenues are US-derived. Meanwhile, Geely Automobile was characterised by ongoing strong growth in car sales and average selling prices, as the company revitalised their product range after licensing in new technology from Volvo. We sold the shares at the end of Q1 2017.

Against this, Advance Auto Parts, Celgene Corporation, Shire and AT&T detracted from relative performance. Advance Auto Parts suffered from a number of headwinds in 2017 – competition from Amazon, disappointing results and better weather than in winter 2016, leading to lower collision rates and some margin pressure. We sold our position in Q3. Celgene Corporation was weak in the final quarter of the year after announcing the failure of a clinical trial to evaluate a promising new treatment for inflammatory bowel disease, and restating 2020 guidance to reflect this and a tougher pricing environment for their Psoriasis product. During Q3 2017, Shire announced a strategic review of its neuroscience (ADHD) business and further changes in their management team. Despite management reconfirming guidance, the market continues to be concerned they will deploy Shire's strong balance sheet on value destroying growth, and expensive acquisitions. We believe there is considerable value in Shire and that the market is being myopic, placing undue negativity on the stock, and we remain long term holders. Lastly, AT&T published weak results due to renewed loss of TV and fixed line subscribers.

Market Review

Buoyant mood of the global equity markets carried on through 2017

The buoyant mood of the global equity markets carried on through 2017, with markets remaining on their upward trajectory, returning 22.4% in USD terms over the year. Company earnings remained robust and broader macro observations are generally for growth to continue.

The agreement of the long awaited US tax reform bill, which announced permanent cuts for corporations, provided a lift for markets towards the end of 2017. While growth expectations remain positive overall, to counter this, the US yield curve has flattened and has opened up the debate of what to expect next. While no one has the answer yet as to what this flattening may or may not predict, it is clear that looking forwards to 2018, simply searching for economic growth surprise or not, may not be the shrewdest approach to stock picking, given the frequent disconnect between economic and profit growth. Meanwhile, other factors such as technological innovation remain dominant elements in defining profitability for individual companies.

In recent months we have seen a change in commodity pricing with prices rising in part due to stronger demand from China for hard commodities. As for oil, an OPEC driven agreement to extend production cuts to the end of 2018 has seen the price of Brent crude surging around 18% in USD terms in the final quarter of the year alone.

Looking at sector performance, the strongest gains in USD terms over 2017 were in the Information Technology sector at 38.2% and the Materials sector at 28.9%. While lower beta sectors such as Utilities, Telecommunications and Energy returned 13.7%, 5.8% and 5.0% respectively, the dispersion of returns was relatively tight around the benchmark.

Regionally, returns also fell into a fairly narrow range in USD terms around the benchmark. A return to favour to Europe as growth began picking up some speed saw it return 26.8% over the year. Japan was also strong returning 24.0% as GDP continued to expand, and exports and business investment continuing to rise. Economic data remains positive in both Europe and Japan. Canada and Australasia were the relative laggards with returns of 16.1% and 19.8%.

Market Outlook and Strategy

Continue to seek companies with future quality and superior returns

As ever our strategy is focused on picking a selection of companies across the globe that meet our Future Quality criteria. As a reminder these are undervalued businesses that have sustainable growth potential and are governed by management we trust.

Market commentary is often focussed on this latter element, as the shape of returns in markets can have a significant bearing over the shorter term. However our role is to maximise returns within this market exposure, and over the long term this is best served by selecting businesses that are the Future Quality we described. However, to specifically answer the valuation question, we would observe the following.

Since the introduction of QE, equities and all risk assets have benefitted from policies that have deliberately targeted higher pricing of assets. With rising interest rates in the USA and either an end to new QE, or the prospect of similar in Europe, it is evident that this tail wind for markets is in the process of reversing. Despite this, sentiment amongst investors is generally now bullish and is encouraging some to assume that the returns enhanced by rising valuations over the last half decade can be continued. This would appear unrealistic in our view.

If valuation therefore is a modest source of return at best, the importance of profitability and growth in cash flow is of even greater importance. This is where the signals are more encouraging, as profitability of corporations in almost all geographies remains robust. More importantly this has not been garnered as a result of high growth in the broader economy that will diminish rapidly if monetary policy is notably tightened. What is more relevant is that higher profit shares have generally been at the expense of income shares.

The degree to which real incomes have lagged real profits, and income dispersions within societies have become increasingly extreme, is an issue that will shift from latent to real and enduring for investors. The higher fall in tax for the wealthier US demographics as a result of the new tax regulations will likely be against the trend. As we wrote last quarter, exceptional returns on capital amongst firms that have grown to dominate our lives and market indices will be likely targets for political expropriation of profits. Bankers are passing the baton to internet giants as the new evil in the public eye.

Bringing this back to what matters, stock picking, we are focussed on the following as drivers of improving growth and profitability.

Industry 2.0 – the application of new advances in technology have been experienced by all of us through smartphones and social media. These same technologies are now being applied to industrial analogue assets through the IoT (internet of things), enabling higher productive output for those businesses applying them. This shift in focus and likely scale of capital investment in these technologies will be enduring in our view and is reflected in long standing holdings in leading manufacturers of image sensors, Industrial automation implementers, Cloud software solutions and sensing manufacturers.

Emerging consumption – This is most evident in countries where household savings rates are high, consumer credit penetration is lower and broader economic growth is conducive to rising incomes. Asian economies generally lead on these metrics and hence we continue to believe that companies that operate in these markets can have enduring growth, particularly if their brand or franchise is strong.

Unique growth drivers – Our focus is on companies and not markets, and hence we are always seeking businesses that meet our Future Quality parameters which also have growth catalysts that are unique to them. Our proprietary ranking tool, which we use to compare our Future Quality stock picks, specifically identifies those with these more unique characteristics.

Whilst we are not necessarily enthusiastic about returns to be garnered from owning everything (the index), we are excited about the businesses we hold in portfolios, whether due to their unique drivers or being exposed to areas of growth that we believe will be both superior and more enduring than the market expects. No doubt 2018 will see more geopolitical gyrations, Trump headlines and divergent trends in profitability as growth remains such that there is no tide to lift all boats. Careful stock picking will be key for maximising returns in global equity markets.

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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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 of this document, 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.

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.

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

The Managers of the Nikko AM Shenton Global Opportunities Fund (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 assist the Managers in their management of the Fund;
- the Managers shall ensure at all times that best execution is carried out for the transactions; and
- no unnecessary trades are entered into in order to qualify for such soft-dollar commissions / arrangements.

The Managers will comply with applicable regulatory and industry standards on soft dollars.

The Sub-Managers of the Nikko AM Shenton Global Opportunities Fund do not receive or intend to receive soft dollars in respect of the Nikko AM Shenton Global Opportunities Fund.

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

NIKKO AM SHENTON GLOBAL OPPORTUNITIES FUND

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

REPORT OF THE TRUSTEE

For the financial year ended 31 December 2017

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

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 13 to 33, 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
29 March 2018

NIKKO AM SHENTON GLOBAL OPPORTUNITIES FUND

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

STATEMENT BY THE MANAGER

For the financial year ended 31 December 2017

In the opinion of Nikko Asset Management Asia Limited, the accompanying financial statements set out on pages 13 to 33, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of Nikko AM Shenton Global Opportunities Fund (the "Fund") as at 31 December 2017, and the financial performance and movements in unitholders' funds for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

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

Authorised signatory
29 March 2018

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

Our Opinion

In our opinion, the accompanying financial statements of Nikko AM Shenton Global Opportunities 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 2017, and of the financial performance and movements of unitholders' funds for the financial year ended on that date.

What we have audited

The financial statements of the Fund comprise:

- the Statement of Total Return for the financial year ended 31 December 2017;
- the Statement of Financial Position as at 31 December 2017;
- the Statement of Movements of Unitholders' Funds for the financial year ended 31 December 2017;
- the Statement of Portfolio as at 31 December 2017; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

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

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

Independence

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

Other Information

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

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

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

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

Responsibilities of the Manager for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 29 March 2018

NIKKO AM SHENTON GLOBAL OPPORTUNITIES FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial year ended 31 December 2017*

	Note	2017 US\$	2016 US\$
Income			
Dividends		351,968	375,060
Interest		487	2
		<u>352,455</u>	<u>375,062</u>
Less: Expenses			
Management fee		293,463	235,616
Registrar fee		14,329	14,389
Trustee fee		23,835	18,674
Custody fee		4,838	3,761
Audit fee		8,561	8,840
Valuation fee		10,726	8,404
Transaction costs		48,556	57,666
Other expenses		19,563	21,176
		<u>423,871</u>	<u>368,526</u>
Net (losses)/income		<u>(71,416)</u>	<u>6,536</u>
Net gains or losses on value of investments			
Net gains on investments		5,197,207	895,544
Net foreign exchange losses		(1,749)	(16,452)
		<u>5,195,458</u>	<u>879,092</u>
Total return for the financial year before income tax		5,124,042	885,628
Less: Income tax	3	(65,658)	(81,652)
Total return for the financial year after income tax		<u>5,058,384</u>	<u>803,976</u>

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	2017 US\$	2016 US\$
ASSETS			
Portfolio of investments		22,462,959	21,617,516
Receivables	4	104,597	92,110
Cash and bank balances		410,621	260,164
Total assets		22,978,177	21,969,790
LIABILITIES			
Payables	5	153,936	167,612
Total liabilities		153,936	167,612
EQUITY			
Net assets attributable to unitholders	6	22,824,241	21,802,178

The accompanying notes form an integral part of these financial statements

NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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 2017

	Note	2017 US\$	2016 US\$
Net assets attributable to unitholders at the beginning of the financial year		21,802,178	18,682,710
Operations			
Change in net assets attributable to unitholders resulting from operations		5,058,384	803,976
Unitholders' contributions/(withdrawals)			
Creation of units		1,601,069	4,452,165
Cancellation of units		(5,637,390)	(2,136,673)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		(4,036,321)	2,315,492
Total increase in net assets attributable to unitholders		1,022,063	3,119,468
Net assets attributable to unitholders at the end of the financial year	6	22,824,241	21,802,178

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF PORTFOLIO

As at 31 December 2017

By Geography (Primary)	Holdings at 31 December 2017	Fair value at 31 December 2017 US\$	Percentage of total net assets attributable to unitholders at 31 December 2017 %
Quoted Equities			
AUSTRALIA			
Treasury Wine Estates Limited	38,090	475,483	2.08
Total AUSTRALIA		475,483	2.08
BRITAIN			
Johnson Matthey Public Listed Company	12,853	534,661	2.34
Livanova Public Listed Company	11,621	928,750	4.07
Weir Group Public Listed Company	16,845	483,782	2.12
Total BRITAIN		1,947,193	8.53
CAYMAN ISLANDS			
Tencent Holdings Limited	11,200	581,682	2.55
Total CAYMAN ISLANDS		581,682	2.55
CHINA			
Li Ning Company Limited	512,500	414,992	1.82
Sinopharm Group Company Limited	119,200	515,388	2.26
Total CHINA		930,380	4.08
FRANCE			
Schneider Electric SE	4,812	409,447	1.79
Total FRANCE		409,447	1.79
GERMANY			
Henkel AG & Company KGaA	1,873	248,301	1.09
Siemens AG	4,349	606,046	2.66
Total GERMANY		854,347	3.75
HONG KONG SAR			
AIA Group Limited	80,400	685,485	3.00
Total HONG KONG SAR		685,485	3.00
INDIA			
Housing Development Finance Corporation Limited	22,422	600,882	2.63
Total INDIA		600,882	2.63
IRELAND			
CRH Public Listed Company	13,549	488,903	2.14
Icon Public Listed Company	3,414	382,880	1.68
Ryanair Holdings Public Listed Company	27,025	489,046	2.14
Total IRELAND		1,360,829	5.96
JAPAN			
Ichigo Incorporated	118,700	449,933	1.97
Keyence Corporation	900	504,288	2.21
Sony Corporation	13,100	591,099	2.59
Total JAPAN		1,545,320	6.77

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF PORTFOLIO

As at 31 December 2017

By Geography (Primary) (continued)

	Holdings at 31 December 2017	Fair value at 31 December 2017 US\$	Percentage of total net assets attributable to unitholders at 31 December 2017 %
Quoted Equities (continued)			
NETHERLANDS			
Koninklijke Philips NV	15,343	581,089	2.55
Total NETHERLANDS		<u>581,089</u>	<u>2.55</u>
UNITED STATES OF AMERICA			
AT&T Incorporated	11,147	433,618	1.90
Celgene Corporation	4,878	509,117	2.23
Cooper Companies Incorporation	1,825	397,649	1.74
Dolby Laboratories Incorporated	6,296	390,415	1.71
Estee Lauder Companies Incorporation	5,141	654,192	2.87
Facebook Incorporated	5,196	917,198	4.02
Healthcare Services Group Incorporated	8,859	467,046	2.05
Huntington Bancshares Incorporation	38,224	556,541	2.44
Keycorp	23,474	473,471	2.07
Laboratory Corporation of America Holdings	3,448	550,025	2.41
Microsoft Corporation	13,741	1,176,092	5.15
Occidental Petroleum Corporation	6,194	456,498	2.00
Philip Morris International Incorporated	5,057	534,272	2.34
Progressive Corporation	14,333	807,235	3.54
Red Hat Incorporated	5,405	649,140	2.84
Resmed Incorporated	6,788	574,876	2.52
Shire Public Listed Company	7,483	394,793	1.73
Summit Materials Incorporated	17,270	542,969	2.38
SVB Financial Group	2,694	629,776	2.76
Transunion	12,976	712,772	3.12
Total UNITED STATES OF AMERICA		<u>11,827,695</u>	<u>51.82</u>
Total Quoted Equities		<u>21,799,832</u>	<u>95.51</u>
Quoted Real Estate Investment Trusts			
UNITED STATES OF AMERICA			
American Tower Corporation	4,647	663,127	2.91
Total UNITED STATES OF AMERICA		<u>663,127</u>	<u>2.91</u>
Total Quoted Real Estate Investment Trusts		<u>663,127</u>	<u>2.91</u>
Portfolio of investments		22,462,959	98.42
Other net assets		361,282	1.58
Net assets attributable to unitholders		<u>22,824,241</u>	<u>100.00</u>

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF PORTFOLIO

As at 31 December 2017

By Geography (Summary)	Percentage of total net assets attributable to unitholders at 31 December 2017 %	Percentage of total net assets attributable to unitholders at 31 December 2016 %
Quoted Equities		
Australia	2.08	3.02
Britain	8.53	7.75
Canada	-	3.78
Cayman Islands	2.55	1.81
China	4.08	3.22
Finland	-	1.37
France	1.79	3.43
Germany	3.75	4.90
Hong Kong SAR	3.00	1.68
India	2.63	-
Ireland	5.96	6.55
Japan	6.77	7.21
Netherlands	2.55	-
South Korea	-	1.53
Taiwan	-	1.68
United States of America	51.82	46.97
Total Quoted Equities	95.51	94.90
Quoted Real Estate Investment Trusts		
Spain	-	1.70
United States of America	2.91	2.55
Total Quoted Real Estate Investment Trusts	2.91	4.25
Portfolio of investments	98.42	99.15
Other net assets	1.58	0.85
Net assets attributable to unitholders	100.00	100.00

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF PORTFOLIO

As at 31 December 2017

By Industry (Secondary)	Fair value at 31 December 2017 US\$	Percentage of total net assets attributable to unitholders at 31 December 2017 %	Percentage of total net assets attributable to unitholders at 31 December 2016 %
Aerospace/Defense	-	-	2.55
Agriculture	534,272	2.34	-
Airlines	489,046	2.14	1.85
Auto Manufacturers	-	-	1.53
Auto Parts and Equipment	-	-	1.53
Banks	1,659,788	7.27	9.25
Beverages	475,483	2.08	1.66
Biotechnology	509,117	2.23	3.01
Building Materials	1,031,872	4.52	4.34
Chemicals	534,661	2.34	2.03
Commercial Services	1,179,818	5.17	-
Cosmetics/Personal Care	654,192	2.87	2.18
Distribution/Wholesale	-	-	3.77
Diversified Financial Services	1,050,815	4.60	1.64
Electrical Component and Equipment	409,447	1.79	2.12
Electronics	1,085,377	4.76	2.40
Entertainment	390,415	1.71	-
Food	-	-	1.35
Healthcare-Products	1,901,275	8.33	6.50
Healthcare-Services	932,905	4.09	4.62
Home Builders	-	-	1.42
Home Furnishings	591,099	2.59	1.97
Household Products/Wares	248,301	1.09	2.13
Insurance	1,492,720	6.54	3.83
Internet	1,498,880	6.57	4.82
Lodging	-	-	1.02
Machinery-Diversified	483,782	2.12	-
Miscellaneous Manufacture	606,046	2.66	2.77
Oil and Gas	456,498	2.00	5.28
Pharmaceuticals	910,181	3.99	3.94
Real Estate Investment Trusts (REITS)	663,127	2.91	4.25
Retail	414,992	1.82	2.13
Semiconductors	-	-	1.68
Software	1,825,232	8.00	4.59
Telecommunications	433,618	1.90	4.08
Transportation	-	-	1.60
Water	-	-	1.31
Portfolio of investments	22,462,959	98.42	99.15
Other net assets	361,282	1.58	0.85
Net assets attributable to unitholders	22,824,241	100.00	100.00

The accompanying notes form an integral part of these financial statements

NIKKO AM SHENTON GLOBAL OPPORTUNITIES FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

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

1. General

Nikko AM Shenton Global Opportunities Fund (the "Fund") is a Singapore domiciled fund constituted by a Trust Deed dated 6 June 1994 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"). The Sub-Manager of the Fund is Nikko Asset Management Europe Ltd.

There are currently three classes of units established within the Fund, namely SGD Class, USD Class and RMB Class.

The classes within the Scheme differ in terms of their class currency and the minimum subscription amounts applicable. The Deposited Property of the Scheme will be valued in US\$. However, the NAV of each Class within the Scheme will be valued in its respective class currency.

As of 31 December 2017, only units in SGD Class have been issued.

2. Significant accounting policies

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

(a) Basis of preparation

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

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

(i) Consolidation and disclosure of interests in other entities

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

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

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

NIKKO AM SHENTON GLOBAL OPPORTUNITIES FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

(ii) Offsetting financial assets and liabilities disclosures

Amendments to FRS 32 “Financial instruments: Presentation – Offsetting financial assets and financial liabilities”

Amendments to FRS 107 “Disclosures – Offsetting financial assets and financial liabilities”

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

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

The adoption of these new or amended FRS impacted the Fund’s level of disclosures in certain of the above noted areas, but did not result in substantial changes to the accounting policies of the Funds and had no material effect on the amounts reported for the current or prior financial years.

(b) Recognition of income

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

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

(c) Distributions

The Manager has the absolute discretion to determine whether a distribution is to be made. In such an event, an appropriate amount will be transferred to a distribution account to be paid on the distribution date. The amount shall not be treated as part of the property of the Fund. Distributions are accrued for at the reporting date if the necessary approvals have been obtained and a legal 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 change in fair value on investments are included in the Statement of Total Return in the year in which they arise.

NIKKO AM SHENTON GLOBAL OPPORTUNITIES FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. Significant accounting policies (continued)

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

(g) Foreign currency translation

(i) *Functional and presentation currency*

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

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

(ii) *Transactions and balances*

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

NIKKO AM SHENTON GLOBAL OPPORTUNITIES FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

3. Income Tax

The Fund was granted the status of a Designated Unit Trust (DUT) Scheme 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 obligation being met certain income of the DUT fund is not taxable in accordance to Sections 35(12) and 35(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 future contracts, transactions in interest rates 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 on 31 December 2017 and 2016 comprises:

	2017	2016
	US\$	US\$
Overseas income tax	65,658	81,652

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

4. Receivables

	2017 US\$	2016 US\$
Receivable from unitholders for creation of units	88,468	79,601
Dividends receivable	16,129	12,509
	104,597	92,110

5. Payables

	2017 US\$	2016 US\$
Payable to unitholders for cancellation of units	53,442	77,697
Amount due to the Manager	80,149	69,977
Valuation fee payable	2,852	2,519
Registrar fee payable	2,192	2,103
Provision for audit fee	8,141	8,939
Amount due to custodian	821	780
Trustee fee payable	6,339	5,597
	153,936	167,612

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

6. Units in issue

During the year ended 31 December 2017 and 2016, the number of shares issued, redeemed and outstanding were as follows:

	2017	2016
Units at beginning of the financial year	27,332,685	24,436,071
Units created	1,804,312	5,665,415
Units cancelled	(6,042,429)	(2,768,801)
Units at end of the financial year	23,094,568	27,332,685
	2017	2016
Net assets attributable to unitholders - US\$	22,824,241	21,802,178
Net asset value per unit - US\$	0.988	0.798

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

	2017	2016
	US\$	US\$
Net assets attributable to unitholders as per financial statements per unit	0.988	0.798
Effect for movement in the net asset value between the last dealing date and the end of the reporting period [^]	-	-
Net assets attributable to unitholders for issuing/redeeming per unit	0.988	0.798

[^]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. In 2017 and 2016, the effect is less than 0.001.

NIKKO AM SHENTON GLOBAL OPPORTUNITIES FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

7. 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 objective is to achieve medium to long term capital appreciation by investing primarily mainly in equities of developed and emerging markets.

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 changes in fundamentals and valuation. However, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the net asset value of the Fund.

As the Fund invests primarily in equities of developed and emerging markets across various geographies, the Manager is of the view that the price risk the Fund is best reflected by movements in its benchmark of MSCI World Free Index Composite (the "Benchmark").

As at 31 December 2017 and 2016, an increase/decrease of Index components within the Benchmark by 7% (2016: 10%), with all other variables remaining constant, the net assets attributable to unitholders for the year would increase/decrease by approximately 7% (2016: 10%). The analysis was based on the assumptions that the index components within the Benchmark increased/decreased by a reasonable possible shift, with all other variables held constant and that the fair value of Fund's investments moved according to the beta. 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 SHENTON GLOBAL OPPORTUNITIES FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

7. 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. Consequently, 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.

NIKKO AM SHENTON GLOBAL OPPORTUNITIES FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

7. Financial risk management (continued)

(c) Market risk - Currency risk (continued)

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

31 December 2017	USD US\$	SGD US\$	EUR US\$	GBP US\$	JPY US\$	HKD US\$	AUD US\$	Others US\$	Total US\$
Assets									
Portfolio of investments	13,407,659	-	2,822,832	1,413,236	1,545,320	2,197,547	475,483	600,882	22,462,959
Receivables	12,347	88,468	-	3,782	-	-	-	-	104,597
Cash and bank balances	294,616	114,863	209	206	547	-	75	105	410,621
Total assets	13,714,622	203,331	2,823,041	1,417,224	1,545,867	2,197,547	475,558	600,987	22,978,177
Liabilities									
Payables	80,970	72,966	-	-	-	-	-	-	153,936
Total liabilities	80,970	72,966	-	-	-	-	-	-	153,936
Net currency exposure	13,633,652	130,365	2,823,041	1,417,224	1,545,867	2,197,547	475,558	600,987	

NIKKO AM SHENTON GLOBAL OPPORTUNITIES FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2017***7. Financial risk management** (continued)(c) **Market risk - Currency risk** (continued)

31 December 2016	USD US\$	SGD US\$	EUR US\$	GBP US\$	JPY US\$	HKD US\$	CAD US\$	AUD US\$	Others US\$	Total US\$
Assets										
Portfolio of investments	11,243,427	-	3,447,119	1,710,660	1,571,461	1,461,676	823,135	659,470	700,568	21,617,516
Receivables	8,302	79,601	-	2,849	1,358	-	-	-	-	92,110
Cash and bank balances	105,121	129,804	6,464	8,718	5,562	-	4,394	-	101	260,164
Total assets	11,356,850	209,405	3,453,583	1,722,227	1,578,381	1,461,676	827,529	659,470	700,669	21,969,790
Liabilities										
Payables	89,915	77,697	-	-	-	-	-	-	-	167,612
Total liabilities	89,915	77,697	-	-	-	-	-	-	-	167,612
Net currency exposure	11,266,935	131,708	3,453,583	1,722,227	1,578,381	1,461,676	827,529	659,470	700,669	

NIKKO AM SHENTON GLOBAL OPPORTUNITIES FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

7. Financial risk management (continued)

(c) Market risk - Currency risk (continued)

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

As of 31 December 2017 and 2016, the Fund does not hold substantial monetary assets/liabilities. Changes in foreign exchange rates on monetary assets/liabilities will not result in a significant change in the net asset value of the Fund. Hence, no separate sensitivity analysis on foreign currency risk has been presented.

(d) Liquidity risk

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

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

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

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

The Fund's financial liabilities and net settled derivative financial liabilities 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 on demand or due in less than 3 months. The impact of discounting is not significant.

	Less than 3 months	
	As at	As at
	31 December	31 December
	2017	2016
	US\$	US\$
Liabilities		
Payables	153,936	167,612
Contractual cash outflows	153,936	167,612

NIKKO AM SHENTON GLOBAL OPPORTUNITIES FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

7. 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.

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 reviews 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 bank and custodian in which the Fund's assets are held as at 31 December 2017 and 2016.

	Credit Rating 31 December 2017	Credit rating 31 December 2016	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

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

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

(f) 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.

NIKKO AM SHENTON GLOBAL OPPORTUNITIES FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

7. Financial risk management (continued)

(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 or 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 2017 and 2016:

31 December 2017

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Assets				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted equities	21,799,832	-	-	21,799,832
- Quoted real estate investment trusts	663,127	-	-	663,127
	<u>22,462,959</u>	<u>-</u>	<u>-</u>	<u>22,462,959</u>

31 December 2016

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Assets				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted equities	20,690,920	-	-	20,690,920
- Quoted real estate investment trusts	926,596	-	-	926,596
	<u>21,617,516</u>	<u>-</u>	<u>-</u>	<u>21,617,516</u>

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

Except for cash and bank balances which are classified as level 1, the Fund's assets and liabilities not measured at fair value at 31 December 2017 and 2016 have been classified as level 2. The carrying amounts of these assets and liabilities approximate their fair values as at the reporting date.

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

8. Related party transactions

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

	2017	2016
	US\$	US\$
Bank balances held with related party of the Trustee	410,621	260,164

9. Financial ratios

Expense ratio

		2017	2016
Total operating expenses	US\$	375,284	310,849
Average daily net asset value	US\$	23,483,889	18,823,475
Total expense ratio¹	%	1.60	1.65

Turnover ratio

		2017	2016
Lower of total value of purchases or sales	US\$	8,238,773	11,305,443
Average daily net asset value	US\$	23,483,889	18,823,475
Total turnover ratio²	%	35.08	60.06

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.

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

REPORT TO UNITHOLDERS

For the financial year ended 31 December 2017

The following contains additional information relating to the Fund.

1. Distribution of investments

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

2. Credit rating of debt securities

Nil.

3. Top 10 holdings

10 Largest holdings at 31 December 2017

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Microsoft Corporation	1,176,092	5.15
Livanova Public Listed Company	928,750	4.07
Facebook Incorporated	917,198	4.02
Progressive Corporation	807,235	3.54
Transunion	712,772	3.12
AIA Group Limited	685,485	3.00
American Tower Corporation	663,127	2.91
Estee Lauder Companies Incorporation	654,192	2.87
Red Hat Incorporated	649,140	2.84
SVB Financial Group	629,776	2.76

10 Largest holdings at 31 December 2016

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Microsoft Corporation	1,001,573	4.59
Huntington Bancshares Incorporation	738,337	3.39
Facebook Incorporation	657,277	3.01
Celgene Corporation	656,761	3.01
SVB Financial Group	640,463	2.94
Keycorp	638,262	2.93
Siemens AG	603,892	2.77
AT&T Incorporation	591,731	2.71
CRH Public Listed Company	558,230	2.56
American Tower Corporation	555,929	2.55

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

REPORT TO UNITHOLDERS
For the financial year ended 31 December 2017

4. Exposure to financial derivatives

Nil.

5. Global exposure to financial derivatives

Nil.

6. Collateral

Nil.

7. Securities lending or repurchase transactions

Nil.

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

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

9. Borrowings

Nil.

10. Amount of units created and cancelled for the financial year ended 31 December 2017

	US\$
Units created	1,601,069
Units cancelled	(5,637,390)

11. Turnover ratio

Please refer to Note 9 of the Notes to the Financial Statements on page 33.

12. Expense ratio

Please refer to Note 9 of the Notes to the Financial Statements on page 33.

13. Related party transactions

Please refer to Note 8 of the Notes to the Financial Statements on page 33.

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

SEMI-ANNUAL REPORT

For the financial period ending 30 June 2017

**Nikko AM Shenton
Global Opportunities 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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CUSTODIAN

BNP Paribas Securities Services, operating through its Singapore branch
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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	10 Yr	Since Inception
MSCI World Free Index	2.35	4.78	19.14	6.85	11.11	0.78	1.53
Nikko AM Shenton Global Opportunities Fund ¹	4.84	7.11	21.56	9.37	12.45	0.57	3.65

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	10 Yr	Since Inception
MSCI World Free Index	2.35	4.78	19.14	6.85	11.11	0.78	1.53
Nikko AM Shenton Global Opportunities Fund ¹	-0.40	1.76	15.48	7.51	11.30	0.05	3.36

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: 5 March 1999

Note:

- (1) With effect from 17 October 2011, the Fund (formerly known as "Shenton Global Opportunities Fund") has been renamed Nikko AM Shenton Global Opportunities Fund.
- (2) With effect from 16 March 2015, the appointment of Nikko Asset Management Co., Ltd ("NAM Japan") as the investment adviser for the Fund has been terminated and Nikko Asset Management Europe Ltd ("NAM Europe") has been appointed as the sub-manager of the Fund.
- (3) With effect from 16 March 2015, the Fund's base currency has been changed from Singapore dollars to United States dollars.
- (4) Prior to 1 May 2017, the performance returns of the benchmark is calculated using price index methodology. With effect from 1 May 2017, it is calculated using net total return index methodology.

Portfolio Review

Fund returned 7.11% in 1H2017

For the half year ended 30 June 2017, the Nikko AM Shenton Global Opportunities Fund (the "Fund") returned 7.11% (SGD terms, on NAV-NAV basis), outperforming the MSCI World Free Index which returned 4.78% over the same period.

At the stock level, Tencent, Geely, Ryanair and Cooper Cameron were among the key contributors to relative performance. Tencent rallied after posting strong quarterly results, which confirmed that the company's core online gaming business continues to see solid growth. Growth also remained robust in less developed Tencent franchises such as online advertising and e-payments. Geely saw a first quarter characterised by good growth in car sales and average selling prices as the company revitalised its product range after licensing in new technology from Volvo. The shares responded well to this operational momentum and the increased market cap saw the stock included in new indices, triggering fresh passive buying of the stock. Ryanair benefited from moderating capacity growth within the European short haul airline industry, which has allowed fare discounting to become less aggressive. Results towards the end of May illustrated its strong passenger growth and cost leadership. Ryanair also introduced a new USD 600m share buyback which was well received by investors. In addition, moderating competition, falling oil prices and persistent

strength in yields (passenger load factors) as European consumer confidence has increased have all boosted the stock in recent months. Cooper was buoyed by stronger-than-expected results, with profit margins expanding at its core contact lens business much more quickly than investors had been expecting. The company has also benefited from an investor rotation back into growth and from renewed investor interest in the healthcare sector.

Conversely, Advance Auto Parts, Occidental Petroleum, HD Supply Holdings and Ichigo detracted from performance. Advance Auto Parts has suffered from a number of headwinds this year – notably better weather than last winter, leading to lower collision rates and some margin pressure. Persistent fears over the long-term impact of Amazon on its business and – longer-term still - autonomous vehicles have also seen the whole auto parts supply industry de-rate aggressively in H1. Occidental Petroleum struggled as oil prices drifted lower in H1, despite the much-publicised OPEC production cuts. The short-term driver of this weakness has been stronger-than-expected crude production in the US, which has led to stubbornly high inventory levels. The longer-term impact on oil demand from electric vehicles has also been much discussed this year, with the market cap of EV-leader Tesla outstripping that of traditional internal combustion engine players like Ford. Elsewhere, HD Supply Holdings fell after announcing a softer-than-expected profit outlook on the back of additional investments in its Facilities Maintenance business. This more than offset positive newsflow on the disposal of its Waterworks division and a new USD 500m share buyback programme. Lastly, Ichigo suffered weak share price performance in January after the company's outlook statement raised concerns that their backlog of new developments were slowing.

Market Review

Growth in China and Europe have counterbalanced dissipating optimism about US growth

As we have progressed through 2017 investors have become increasingly circumspect about the trajectory of growth for the US and the global economy. Hopes for quick, material fiscal stimulus and a wave of deregulation after the US election have been dashed. Instead, the Trump legislative agenda has been delayed, economic data has become more mixed and expectations for interest rate hikes have become more muted.

In recent months we have also seen a divergence in the trends for commodities. Oil (WTI) and iron ore prices have both fallen more than 10% but copper prices rose by 1%. This may indicate that where supply was already plentiful (iron ore) or where innovation and cheap capital are driving supply (US shale), prices will remain depressed. However in products where supply is less abundant (copper), the acceleration in fixed asset investment growth in China (as a result of easier credit conditions earlier in the year) has had a greater influence on pricing. This certainly highlights the fact that China has continued to surprise from a growth perspective and, along with moderately improving growth in Europe, these major economies have acted as a counterbalance to dissipating US growth euphoria.

Innovation and sustainable growth have returned to focus

These broader macro observations have limited bearing on our stock picking process, but are highlighted here given the influence they have had on factor returns (by geography, sector and style) over the last few months. With dissipating faith that a broad cyclical upswing will engender revenue growth and positive operating leverage for most businesses, the focus has returned again to leaders of innovation, market share gainers and franchises that can deliver sustainable growth irrespective of the economic cycle. While these trends have implications in many sectors, it has become clear that Information Technology has become the poster child for these attributes, aided and abetted by the plethora of ETFs that allow investor appetites to be satisfied.

From a portfolio perspective this shift back towards companies exhibiting better growth and quality has been conducive to our stock picking style, but not necessarily due to our holdings in the Technology sector. Rather our notable overweight in Healthcare, a result of several high conviction ideas in this area of the market, was a notable positive contributor. In the case of Information Technology we actually reduced exposure over the period, with the sale of the remaining holding in Synnex being redeployed in stocks in other sectors where valuation and momentum were not an issue.

Geographically, the portfolio's relative positions resulting from our stock picks have been modest of late and have not had a significant bearing on benchmark relative returns. We would note though that the US market has started to underperform other markets, with USD weakness being a contributory factor. This has been most notable against the Euro, where the European Central Bank (ECB) now appears to be following in the footsteps of the US Federal Reserve (Fed) faster than many expected, with policy tightening as a result of quantitative easing (QE) tapering and potentially rate hikes in due course supporting the currency. Short-term political risk has abated too, following the decisive outcome of the French election. Whether higher rates are justified as a result of a sustainable pickup in activity is a moot point, but for now the US dollar is looking less attractive on a relative basis.

Market Outlook and Strategy

Debt levels could continue to drag on long term growth

Our primary focus is to seek companies that meet our future quality definition and will deliver superior returns over the longer term. When seeking these companies, the team collectively develops insights that help direct our research on existing and potential holdings for clients. The following are the key observations we think are relevant at this point in time.

The efficacy of monetary policy was much debated last year, with bond yields touching generational lows in the process. With growth having ticked higher and policy tightening now underway, that debate has been paused for now. This conclusion may be premature, however, with accumulated debt still a significant drag on long-term growth. While low interest rates have continued to support credit-driven consumption, rising incomes to ensure the ultimate settlement of these debts have become even more important. There is scant evidence that income growth has accelerated for the majority of workers in most developed economies. If we also consider that AI and the robotic revolution is still nascent rather than mature, wages will likely stay low for longer than expected. This raises the spectre of more socialist expropriation at some stage from the "haves" to the "have nots". Likely combined with expansionary fiscal policy, this would no doubt result in a disorderly shift in yield curves.

This of course could just be sentiment conditioned by living in the UK. The appointment of Mr Macron suggests a path in the opposite direction across the channel in France. We would still conclude that the amplitude of any economic upcycle will be constrained by the level of existing debt, with attempts by central banks to regain control over monetary policy only strengthening this belief. The implications for our stock selection are:

1. Returns from financial intermediation will stay subdued. Sustainable growth will only be achieved through rising credit penetration and wealth per capita (HDFC and AIA) or by gaining market share (SVB Financial, Progressive Corp, Huntington Bank).
2. Must have affordable "monopolies" will likely endure and grow – especially where they are effectively creating new markets (Facebook, Tencent, American Tower, Ryanair, TransUnion are all examples).
3. Company specific business improvements are often underestimated as a source of both growth and increased valuation potential. Livanova, Siemens, Philips, Philip Morris, and Estee Lauder are all examples of good businesses getting better.

Focus on avoiding silo mindset in stock selection

There is an interesting contradiction taking place within financial markets in our view. Experience would suggest that complexity within markets is increasing but investors increasingly require simplicity. This desire for simplification within markets has led to a proliferation of 'silo type' solutions.

By this we refer to indexing, factor specific ETFs, thematic funds, quant solutions or any products that has a prescriptive outcome based on widely available data. These products all have their merits, but the common feature they all have is an investment choice based on the assessment of historical data. This can come from a weighting decided by MSCI or from a snapshot in time based on a company's latest financial statements.

Our belief is that historical performance is part of the assessment of the future prospects of individual companies. Experience and insight are more pertinent, however, when gauging where the market is underestimating future returns and cash flows. As a result, we place a great importance on stock specific idea generation that is not constrained by a silo mindset.

From a portfolio strategy perspective, these money flows can create buying opportunities but also occasionally detach a sector's share prices from the quality of the underlying businesses. We are currently underweight the Information Technology sector, after a long period of being allocated more highly. Innovation is a powerful force in our lives and not surprisingly is also a major factor in also conditioning investor expectations. The TMT (technology, media and telecommunications) bubble may have occurred almost two decades ago, but it is worth reminding ourselves that the combination of hope and the cheap capital morphed into a supply bust for most participants. Of course, the "phoenix from the ashes" included firms such as Amazon and Apple. Since compounding is such a powerful force for returns, we should consider the probability of selecting the ultimate winners and the pain that endures from large draw-downs post initial investment before investing.

In this light, it is difficult not to become wary over the recent performance of the technology sector. The ingredients of cheap capital (thanks to QE), new acronyms AV (Autonomous Vehicle) and ICE (Internal Combustion Engine) and share prices becoming increasingly divorced from cash flow and profitability, are all warning flags to us. There are clearly still strong franchises exhibiting superior levels of profitability that we continue to own within portfolios (Facebook, Tencent, Microsoft), but over recent months the scale of gains, cumulative investor positioning and the lack of any valuation support have made new conviction ideas in this area of the market hard to come by. As we have noted above, the rotational nature of capital allocation will likely provide bouts of correction and hence our current underweight stance may change as opportunities emerge.

In summary we can best be described as tactically cautious regarding overall market direction, following long periods of large gains - with rising valuations rather than higher profits being the primary driver. However we remain very confident that the power of compounding returns from these levels will be greatest in portfolios of stocks that exhibit the Future Quality attributes we seek.

IMPORTANT INFORMATION

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For Hong Kong Investors

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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.

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

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

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

The following are, however, prohibited:

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

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

The Managers of the Nikko AM Shenton Global Opportunities Fund (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 assist the Managers in their management of the Fund;
- the Managers shall ensure at all times that best execution is carried out for the transactions; and
- no unnecessary trades are entered into in order to qualify for such soft-dollar commissions / arrangements.

The Managers will comply with applicable regulatory and industry standards on soft dollars.

The Sub-Managers of the Nikko AM Shenton Global Opportunities Fund do not receive or intend to receive soft dollars in respect of the Nikko AM Shenton Global Opportunities Fund.

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

NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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 US\$	30 June 2016 US\$
Income		
Dividend	225,788	242,093
Interest	134	2
	<u>225,922</u>	<u>242,095</u>
Less: Expenses		
Management fee	143,260	111,559
Registrar fee	6,890	7,719
Trustee fee	11,622	8,977
Custody fee	2,426	1,700
Audit fee	5,347	4,643
Valuation fee	5,230	4,040
Transaction costs	27,946	30,514
Other expenses	5,767	3,813
	<u>208,488</u>	<u>172,965</u>
Net income	<u>17,434</u>	69,130
Net gains or losses on value of investments		
Net gains/(losses) on investments	2,724,432	(241,250)
Net foreign exchange losses	(2,359)	(6,944)
	<u>2,722,073</u>	<u>(248,194)</u>
Total return/(deficit) for the financial period before income tax	2,739,507	(179,064)
Less: Income tax	(41,367)	(51,290)
Total return/(deficit) for the financial period after income tax	<u>2,698,140</u>	<u>(230,354)</u>

NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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	31 December 2016
	US\$	US\$
ASSETS		
Portfolio of investments	23,683,368	21,617,516
Receivables	21,732	92,110
Cash and bank balances	168,035	260,164
Total assets	23,873,135	21,969,790
LIABILITIES		
Payables	119,198	167,612
Total liabilities	119,198	167,612
EQUITY		
Net assets attributable to unitholders	23,753,937	21,802,178

NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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	31 December 2016
	US\$	US\$
Net assets attributable to unitholders at the beginning of the financial period/year	21,802,178	18,682,710
Operations		
Change in net assets attributable to unitholders resulting from operations	2,698,140	803,976
Unitholders' contributions/(withdrawals)		
Creation of units	708,841	4,452,165
Cancellation of units	(1,455,222)	(2,136,673)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(746,381)	2,315,492
Total increase in net assets attributable to unitholders	1,951,759	3,119,468
Net assets attributable to unitholders at the end of the financial period/year	23,753,937	21,802,178

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

By Geography (Primary)	Holdings at 30 June 2017	Fair value at 30 June 2017 US\$	Percentage of total net assets attributable to unitholders at 30 June 2017 %
Quoted Equities			
AUSTRALIA			
Treasury Wine Estates Limited	52,213	527,069	2.22
Total AUSTRALIA		527,069	2.22
BRITAIN			
BAE Systems Public Listed Company	67,882	558,594	2.35
Johnson Matthey Public Listed Company	11,249	419,510	1.77
LivaNova Public Listed Company	13,154	805,156	3.39
Weir Group Public Listed Company	19,067	428,721	1.80
Whitbread Public Listed Company	8,101	417,442	1.76
Total BRITAIN		2,629,423	11.07
CAYMAN ISLANDS			
Tencent Holdings Limited	21,600	772,530	3.25
Total CAYMAN ISLANDS		772,530	3.25
CHINA			
Sinopharm Group Company Limited	108,800	491,983	2.07
Total CHINA		491,983	2.07
FRANCE			
Schneider Electric SE	5,447	417,920	1.76
Total FRANCE		417,920	1.76
GERMANY			
Henkel AG & Company KGaA	3,886	534,077	2.25
Siemens AG	4,923	676,037	2.85
Total GERMANY		1,210,114	5.10
HONG KONG SAR			
AIA Group Limited	91,000	665,033	2.80
Total Hong Kong SAR		665,033	2.80
INDIA			
Housing Development Finance Corporation Limited	20,394	508,355	2.14
Total INDIA		508,355	2.14
IRELAND			
CRH Public Listed Company	12,842	455,959	1.92
Icon Public Listed Company	6,202	606,618	2.55
Ryanair Holdings Public Listed Company	32,819	671,338	2.83
Total IRELAND		1,733,915	7.30
JAPAN			
Daiwa House Industry Company Limited	10,400	355,244	1.49
Ichigo Incorporation	96,400	287,415	1.21
Sony Corporation	15,300	583,622	2.46
Total JAPAN		1,226,281	5.16
NETHERLANDS			
Koninklijke Philips NV	17,367	615,928	2.59
Total NETHERLANDS		615,928	2.59

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

	Holdings at 30 June 2017	Fair value at 30 June 2017 US\$	Percentage of total net assets attributable to unitholders at 30 June 2017 %
Quoted Equities (continued)			
UNITED STATES OF AMERICA			
Advance Auto Parts Incorporation	2,746	320,101	1.35
AT&T Incorporation	12,617	476,039	2.00
Celgene Corporation	5,672	736,623	3.10
Cooper Companies Incorporation	2,066	494,724	2.08
Estee Lauder Cos Incorporation	5,819	558,508	2.35
Facebook Incorporation	6,128	925,205	3.89
HD Supply Holdings Incorporation	7,236	221,639	0.94
Huntington Bancshares Incorporation	43,266	584,956	2.46
Keycorp	30,605	573,538	2.41
Laboratory Corporation of America Holdings	4,218	650,163	2.74
LKQ Corporation	17,936	590,991	2.49
Microsoft Corporation	15,553	1,072,068	4.51
Occidental Petroleum Corporation	7,011	419,889	1.77
Philip Morris International Incorporation	5,070	595,522	2.51
Progressive Corporation	16,936	746,708	3.14
ResMed Incorporation	7,683	598,122	2.52
Shire Public Listed Company	8,470	466,272	1.96
Summit Materials Incorporation	19,279	556,585	2.34
SVB Financial Group	3,049	535,984	2.26
Transunion	14,688	636,137	2.68
Total UNITED STATES OF AMERICA		11,759,774	49.50
Total Quoted Equities		22,558,325	94.96
Quoted Real Estate Investment Trusts			
SPAIN			
Merlin Properties Socimi SA	34,020	429,145	1.81
Total SPAIN		429,145	1.81
UNITED STATES OF AMERICA			
American Tower Corporation	5,260	695,898	2.93
Total UNITED STATES OF AMERICA		695,898	2.93
Total Quoted Real Estate Investment Trusts		1,125,043	4.74
Portfolio of investments		23,683,368	99.70
Other net assets		70,569	0.30
Net assets attributable to unitholders		23,753,937	100.00

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

By Geography (Summary)	Percentage of total net assets attributable to unitholders at 30 June 2017 %	Percentage of total net assets attributable to unitholders at 31 December 2016 %
Quoted Equities		
Australia	2.22	3.02
Britain	11.07	7.75
Canada	-	3.78
Cayman Islands	3.25	1.81
China	2.07	3.22
Finland	-	1.37
France	1.76	3.43
Germany	5.10	4.90
Hong Kong SAR	2.80	1.68
India	2.14	-
Ireland	7.30	6.55
Japan	5.16	7.21
Netherlands	2.59	-
South Korea	-	1.53
Taiwan	-	1.68
United States of America	49.50	46.97
Total Quoted Equities	94.96	94.90
Quoted Real Estate Investment Trusts		
Spain	1.81	1.70
United States of America	2.93	2.55
Total Quoted Real Estate Investment Trusts	4.74	4.25
Portfolio of investments	99.70	99.15
Other net assets	0.30	0.85
Net assets attributable to unitholders	100.00	100.00

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

By Industry (Secondary)	Fair value at 30 June 2017 US\$	Percentage of total net assets attributable to unitholders at 30 June 2017 %	Percentage of total net assets attributable to unitholders at 31 December 2016 %
Aerospace/Defense	558,594	2.35	2.55
Agriculture	595,522	2.51	-
Airlines	671,338	2.83	1.85
Auto Manufacturers	-	-	1.53
Auto Parts & Equipment	-	-	1.53
Banks	1,694,478	7.13	9.25
Beverages	527,069	2.22	1.66
Biotechnology	736,623	3.10	3.01
Building Materials	1,012,544	4.26	4.34
Chemicals	419,510	1.77	2.03
Commercial Services	636,137	2.68	-
Cosmetics/Personal Care	558,508	2.35	2.18
Distribution/Wholesale	812,630	3.42	3.77
Diversified Financial Services	795,770	3.35	1.64
Electrical Component & Equipment	417,920	1.76	2.12
Electronics	615,928	2.59	2.40
Food	-	-	1.35
Healthcare-Products	1,898,002	7.99	6.50
Healthcare-Services	1,256,781	5.29	4.62
Home Builders	355,244	1.49	1.42
Home Furnishings	583,622	2.46	1.97
Household Products/Wares	534,077	2.25	2.13
Insurance	1,411,741	5.94	3.83
Internet	1,697,735	7.15	4.82
Lodging	417,442	1.76	1.02
Machinery-Diversified	428,721	1.80	-
Miscellaneous Manufacture	676,037	2.85	2.77
Oil and Gas	419,889	1.77	5.28
Pharmaceuticals	958,255	4.03	3.94
Real Estate Investment Trusts (REITS)	1,125,043	4.74	4.25
Retail	320,101	1.35	2.13
Semiconductors	-	-	1.68
Software	1,072,068	4.51	4.59
Telecommunications	476,039	2.00	4.08
Transportation	-	-	1.60
Water	-	-	1.31
Portfolio of investments	23,683,368	99.70	99.15
Other net assets	70,569	0.30	0.85
Net assets attributable to unitholders	23,753,937	100.00	100.00

NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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 US\$	Percentage of total net assets attributable to unitholders %
Microsoft Corporation	1,072,068	4.51
Facebook Incorporation	925,205	3.89
LivaNova Public Listed Company	805,156	3.39
Tencent Holdings Limited	772,530	3.25
Progressive Corporation	746,708	3.14
Celgene Corporation	736,623	3.10
American Tower Corporation	695,898	2.93
Siemens AG	676,037	2.85
Ryanair Holdings Public Listed Company	671,338	2.83
AIA Group Limited	665,033	2.80

10 Largest holdings at 30 June 2016

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Facebook Incorporation	645,453	3.61
Microsoft Corporation	630,875	3.53
AT&T Incorporation	621,403	3.48
AbbVie Incorporation	553,792	3.10
Shire Public Listed Company	478,399	2.68
Laboratory Corporation of America Holdings	473,010	2.65
American Tower Corporation	457,507	2.56
Tyson Foods Incorporation	455,374	2.55
Synnex Corporation	442,525	2.48
Coca-Cola Company	438,840	2.46

NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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)

4. Exposure to financial derivatives

Nil.

5. Global exposure to financial derivatives

Nil.

6. Collateral

Nil.

7. Securities lending or repurchase transactions

Nil.

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

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

9. Borrowings

Nil.

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

	US\$
Units created	708,841
Units cancelled	(1,455,222)

NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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	US\$	4,944,545	6,028,912
Average daily net asset value	US\$	23,115,037	17,913,980
Total turnover ratio ^{Note}	%	21.39	33.65

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
Total operating expenses	US\$	348,915	286,351
Average daily net asset value	US\$	21,386,335	17,216,305
Total expense ratio ^{Note}	%	1.63	1.66

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.

NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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 (continued)

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

	30 June 2017	31 December 2016
	US\$	US\$
Bank balances held with related party of the Trustee	168,035	260,164

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 Shenton Global Opportunities 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

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

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Singapore 048424

REGISTRAR

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

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	10 Yr	Since Inception
MSCI World Free Index	7.53	13.70	7.25	6.45	10.53	1.06	1.31
Nikko AM Shenton Global Opportunities Fund ¹	4.91	13.48	6.56	7.50	11.57	1.70	3.36

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	10 Yr	Since Inception
MSCI World Free Index	7.53	13.70	7.25	6.45	10.53	1.06	1.31
Nikko AM Shenton Global Opportunities Fund ¹	-0.33	7.81	1.23	5.68	10.42	1.18	3.06

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.

Inception date: 5 March 1999

Note:

- (1) With effect from 17 October 2011, the Fund (formerly known as “Shenton Global Opportunities Fund”) has been renamed Nikko AM Shenton Global Opportunities Fund.
- (2) With effect from 16 March 2015, the appointment of Nikko Asset Management Co., Ltd (“NAM Japan”) as the investment adviser for the Fund has been terminated and Nikko Asset Management Europe Ltd (“NAM Europe”) has been appointed as the sub-manager of the Fund.
- (3) With effect from 16 March 2015, the Fund’s base currency has been changed from Singapore dollars to United States dollars.

Portfolio Review

Fund returned 6.56% in 2016

For the year ended 31 December 2016, the Nikko AM Shenton Global Opportunities Fund (the “Fund”) returned 6.56% (SGD terms, on NAV-NAV basis), underperforming the MSCI World Free Index which returned 7.25% over the same period.

Sector allocation was a meaningful detractor from performance, with the overweight in Healthcare the biggest drag – driven by US political risks and the recovery in more cyclical parts of the market in the second half of the year. The other major negative this year came from our preference for Real Estate over other Financials (most notably Banks) in a year when bond yields rose relatively sharply. Our underweight in Energy also detracted after OPEC finally agreed on a production decrease – leading crude prices higher. Some of this adverse allocation affect was offset by positive stock picking – notably within the Consumer, Financials and Healthcare sectors - but not enough for the portfolio to better the benchmark’s return.

At the stock level, the main detractors from performance included Livanova, Nokia, and Whitbread. Poor operational performance in some of Livanova’s slower growth businesses and regulatory uncertainty in another cost the CEO his job in August, and led the company to revise down its revenue growth guidance.

This more than offset encouraging new product introductions and signs of progress in new technologies like mitral valve replacement. Nokia endured a difficult year as persistent softness in telecommunication network spending and aggressive competition between network players led to pricing pressure and lower profit margins at its biggest business. Cost savings from the acquisition of Alcatel Lucent (a key part of our investment case) were difficult to retain against this backdrop. Shares in Whitbread underperformed this year driven by uncertainty over the impact of Brexit on UK consumer spending. The departure of the highly regarded CEO at the end of 2015 also increased investor concerns about a business which continues to enjoy very strong market positions.

Against this, Geely Automotive, SVB Financial Group, Keycorp, and Treasury Wine were notable contributors to relative performance. Geely Automotive had a good year, driven by the ongoing overhaul of its product offering, following the acquisition of SUV platform technology from Volvo. These new products offer much higher average selling prices than the old Geely models and should push operating margins higher. SVB Financial Group and Keycorp both benefitted in 2016 from an improving outlook for economic growth in the US. With labour markets tightening and inflation expectations beginning to be reflected in rising bond yields, the US bank sector enjoyed a period of strong outperformance in the second half. Elsewhere, Treasury Wine climbed after completing the acquisition of Diageo's US and UK wine business. Although these assets enjoyed good market positions they had been somewhat undermanaged as part of the Diageo Group. Closer management focus under Treasury's ownership and synergies with their existing business made the deal potentially transformational.

Market Review

Political developments were a major driver of market sentiment in 2016

Was 2016 the year when the experiment with Quantitative Easing finally ran its course? Time will tell. What is clear is that the year saw a rising wave of populism deliver some telling blows to the political 'establishment'. There is little doubt that substantial liquidity injections by Central Banks around the world have reduced some of the painful impacts of working through the debt accumulated in the lead up to the Global Financial Crisis. Unfortunately, what is also clear is that the asset price inflation that these injections have stoked have benefitted one section of society disproportionately – increasing inequality and fostering a sense of grievance at those left behind. With the benefit of hindsight, it is probably not surprising that these voters chose to register their frustration at the ballot box – most notably in the UK and the US. Whilst we don't yet know the political policy response to these votes, or its economic impact, inflation expectations are rising and equities have benefitted strongly so far.

Within these rising markets, there has been meaningful sector and investment style rotation. In sympathy with Government bonds, sectors offering relatively defensive cash-flows have been punished heavily as the year wore on. Healthcare, Telecoms, Utilities and Real Estate have underperformed meaningfully as a result. Cyclical sectors have been the relative winners, with Energy, Basic Materials and Bank shares all performing strongly as hopes for a reflation trade mounted. Put another way, 'value' has outperformed 'growth' – following eight years of underperformance.

Commodities rallied in the second half of 2016

Inflationary pressures have also been evident in commodities in the second half of 2016. Oil prices spiked higher after OPEC eventually managed to agree on a production cut, copper gained 16% and Iron Ore surged 46%. Part of this recovery has been due to a marked reacceleration in Chinese infrastructure investment (along with hopes for increased infrastructure investment in the US) but the role of speculation and inventory building remains unclear at this time – as is the security of some of the debt that is funding the Chinese spending.

One surprising element of this burst of commodity price inflation has been that it has been delivered against the backdrop of a rapidly appreciating USD. In recent times a strong USD has been seen as a clear negative for commodity demand – raising prices in local currency terms across the Emerging Markets

that have typically driven demand growth. With some of these countries now sitting on large piles of USD-denominated debt, increased debt servicing costs will also weigh on liquidity and demand. Emerging Market equities have not escaped these concerns and have generally underperformed recently.

Market Outlook and Strategy

Positioned for above-trend growth in the US

We don't doubt President Trump's desire to be seen to help the section of US society that has gained least from globalisation and Quantitative Easing, but questions remain. For instance, how much additional Government borrowing will Congress permit (via corporate tax cuts and increased spending) and what will the Federal Reserve do with monetary policy at the same time as any fiscal expansion? Despite these concerns, our base case remains a period of above trend growth in the US, and we are positioned for this in both US banks and domestic cyclicals.

Political risk could continue to drive sentiment outside the US

The picture is less clear for us outside the US. Will any pick-up in economic activity in the US pull up growth in other parts of the world, or will political instability and increased protectionism negate any such gains? With Germany-led Fiscal austerity in reverse gear in the Eurozone and the ECB still a willing lender of last resort, the backdrop for European economic growth looks fair. Survey data such as Consumer Confidence and Purchasing Managers Indices look firm too. It is probably not surprising therefore that the ECB has signalled a slower rate of asset purchases going forward.

Political rather than economic risk remains more problematic for the region. Equity markets reacted calmly to Italy losing its Prime Minister after its Constitutional Referendum in December, but there are numerous opportunities in 2017 for voters to express the populism that shaped 2016. The first risk event comes in April, with the French Presidential Election. Any sign of mounting support for nationalist candidate Marine Le Pen would likely unsettle investors and would represent a meaningful challenge to European political cohesion – already being tested by the process of the UK's departure from the EU.

Political tensions have also risen between the US and China in recent months – with President Elect Trump particularly vocal about China's currency manipulation and resultant unfair competitive advantage in global trade. How he reconciles this nationalistic rhetoric with his mercantilist nature will be very important for world trade. Any weakening of the WTO would likely not be good news for regions such as Europe and Japan, both of whom remain somewhat reliant upon international, rather than domestic economic growth.

Continue to focus on well-run businesses with improving cash-flow generation

Equity markets have now priced in a lot of good news and there is little room for disappointment – either in terms of fiscal policy announcements or company profit growth. Although President Trump's promised tax cuts could help US net profits, the strength of the USD will not, and neither will more pronounced wage inflation or any meaningful reversal of the deflationary impact of globalisation. Time will tell. Overall, we have become slightly more pro-cyclical in our positioning, but selectivity remains very important. We continue to be reluctant to rely upon short-term macroeconomic momentum in determining 'Future Quality', but where we can find well run businesses, with improving cash-flow generation and sound capital allocation we are willing to add these to the portfolio.

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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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.

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

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

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

The following are, however, prohibited:

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

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

The Managers of the Nikko AM Shenton Global Opportunities Fund (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 assist the Managers in their management of the Fund;
- the Managers shall ensure at all times that best execution is carried out for the transactions; and
- no unnecessary trades are entered into in order to qualify for such soft-dollar commissions / arrangements.

The Managers will comply with applicable regulatory and industry standards on soft dollars.

The Sub-Managers of the Nikko AM Shenton Global Opportunities Fund do not receive or intend to receive soft dollars in respect of the Nikko AM Shenton Global Opportunities Fund.

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

NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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 Shenton Global Opportunities 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 12 to 31, 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 SHENTON GLOBAL OPPORTUNITIES 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 12 to 31, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of Nikko AM Shenton Global Opportunities Fund (the "Fund") as at 31 December 2016, and the financial performance and movements in unitholders' funds for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

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

Authorised signatory

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

Our Opinion

In our opinion, the accompanying financial statements of Nikko AM Shenton Global Opportunities 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 8 and 32 to 34, 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 SHENTON GLOBAL OPPORTUNITIES 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 SHENTON GLOBAL OPPORTUNITIES 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 SHENTON GLOBAL OPPORTUNITIES 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 US\$	2015 US\$
Income			
Dividends		375,060	288,244
Interest		2	27
		<u>375,062</u>	<u>288,271</u>
Less: Expenses			
Management fee		235,616	213,188
Registrar fee		14,389	19,586
Trustee fee		18,674	16,843
Custody fee		3,761	3,349
Audit fee		8,840	8,443
Valuation fee		8,404	9,881
Transaction costs		57,666	75,939
Other expenses		21,176	43,519
		<u>368,526</u>	<u>390,748</u>
Net income/(losses)		<u>6,536</u>	<u>(102,477)</u>
Net gains or losses on value of investments			
Net gains on investments		895,544	1,444,515
Net foreign exchange losses		(16,452)	(19,745)
		<u>879,092</u>	<u>1,424,770</u>
Total return for the financial year before income tax		<u>885,628</u>	<u>1,322,293</u>
Less: Income tax	3	<u>(81,652)</u>	<u>(70,295)</u>
Total return for the financial year after income tax		<u>803,976</u>	<u>1,251,998</u>

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	2016 US\$	2015 US\$
ASSETS			
Portfolio of investments		21,617,516	18,444,568
Receivables	4	92,110	2,411,912
Cash and bank balances		260,164	282,895
Total assets		21,969,790	21,139,375
LIABILITIES			
Payables	5	167,612	101,709
Purchases awaiting settlement		-	2,354,956
Total liabilities		167,612	2,456,665
EQUITY			
Net assets attributable to unitholders	6	21,802,178	18,682,710

The accompanying notes form an integral part of these financial statements

NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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 US\$	2015 US\$
Net assets attributable to unitholders at the beginning of the financial year		18,682,710	17,024,843
Operations			
Change in net assets attributable to unitholders resulting from operations		803,976	1,251,998
Unitholders' contributions/(withdrawals)			
Creation of units		4,452,165	3,294,540
Cancellation of units		(2,136,673)	(2,888,671)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		2,315,492	405,869
Total increase in net assets attributable to unitholders		3,119,468	1,657,867
Net assets attributable to unitholders at the end of the financial year	6	21,802,178	18,682,710

The accompanying notes form an integral part of these financial statements

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

	Holdings at 31 December 2016	Fair value at 31 December 2016 US\$	Percentage of total net assets attributable to unitholders at 31 December 2016 %
Quoted Equities			
AUSTRALIA			
Caltex Australia Limited	13,454	296,750	1.36
Treasury Wine Estates Limited	46,902	362,720	1.66
Total AUSTRALIA		<u>659,470</u>	<u>3.02</u>
BRITAIN			
BAE Systems Public Listed Company	76,047	555,817	2.55
Johnson Matthey Public Listed Company	11,249	442,292	2.03
LivaNova Public Listed Company	10,195	469,633	2.15
Whitbread Public Listed Company	4,765	222,326	1.02
Total BRITAIN		<u>1,690,068</u>	<u>7.75</u>
CANADA			
Intact Financial Corporation	6,546	469,095	2.15
Suncor Energy Incorporation	10,815	354,040	1.63
Total CANADA		<u>823,135</u>	<u>3.78</u>
CAYMAN ISLANDS			
Tencent Holdings Limited	16,100	393,926	1.81
Total CAYMAN ISLANDS		<u>393,926</u>	<u>1.81</u>
CHINA			
Geely Automobile Holdings Limited	350,000	334,509	1.53
Sinopharm Group Company Limited	89,200	367,584	1.69
Total CHINA		<u>702,093</u>	<u>3.22</u>
FINLAND			
Nokia OYJ	61,867	297,690	1.37
Total FINLAND		<u>297,690</u>	<u>1.37</u>
FRANCE			
Schneider Electric SE	6,632	462,446	2.12
Veolia Environnement SA	16,709	285,065	1.31
Total FRANCE		<u>747,511</u>	<u>3.43</u>
GERMANY			
Henkel AG & Company KGaA	3,886	465,209	2.13
Siemens AG	4,923	603,892	2.77
Total GERMANY		<u>1,069,101</u>	<u>4.90</u>

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF PORTFOLIO

As at 31 December 2016

By Geography (Primary) (continued)

	Holdings at 31 December 2016	Fair value at 31 December 2016 US\$	Percentage of total net assets attributable to unitholders at 31 December 2016 %
Quoted Equities (continued)			
HONG KONG SAR			
AIA Group Limited	64,800	365,657	1.68
Total HONG KONG SAR		<u>365,657</u>	<u>1.68</u>
IRELAND			
CRH Public Listed Company	16,153	558,230	2.56
Icon Public Listed Company	6,202	466,390	2.14
Ryanair Holdings Public Listed Company	26,347	403,920	1.85
Total IRELAND		<u>1,428,540</u>	<u>6.55</u>
JAPAN			
Daiwa House Industry Company Limited	11,300	309,639	1.42
Ichigo Incorporation	96,400	357,879	1.64
Shiseido Company Limited	18,700	474,334	2.18
Sony Corporation	15,300	429,609	1.97
Total JAPAN		<u>1,571,461</u>	<u>7.21</u>
SOUTH KOREA			
Hankook Tire Company Limited	6,966	334,516	1.53
Total SOUTH KOREA		<u>334,516</u>	<u>1.53</u>
TAIWAN			
Taiwan Semiconductor Manufacturing Company Limited	65,000	366,052	1.68
Total TAIWAN		<u>366,052</u>	<u>1.68</u>

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF PORTFOLIO

As at 31 December 2016

By Geography (Primary) (continued)

	Holdings at 31 December 2016	Fair value at 31 December 2016 US\$	Percentage of total net assets attributable to unitholders at 31 December 2016 %
Quoted Equities (continued)			
UNITED STATES OF AMERICA			
Advance Auto Parts Incorporation	2,746	464,513	2.13
AT&T Incorporation	13,910	591,731	2.71
C.H. Robinson Worldwide Incorporation	4,757	348,498	1.60
Celgene Corporation	5,672	656,761	3.01
Cooper Companies Incorporation	2,687	470,037	2.16
Facebook Incorporation	5,709	657,277	3.01
HD Supply Holdings Incorporation	7,236	307,602	1.41
Huntington Bancshares Incorporation	55,850	738,337	3.39
Keycorp	34,935	638,262	2.93
Laboratory Corporation of America Holdings	4,218	541,549	2.48
LKQ Corporation	16,764	513,817	2.36
Microsoft Corporation	16,118	1,001,573	4.59
Occidental Petroleum Corporation	7,011	499,394	2.29
ResMed Incorporation	7,683	476,807	2.19
Shire Public Listed Company	8,470	490,225	2.25
Summit Materials Incorporation	16,297	387,706	1.78
SVB Financial Group	3,731	640,463	2.94
Synnex Corporation	4,318	522,564	2.40
Tyson Foods Incorporation	4,776	294,584	1.34
Total UNITED STATES OF AMERICA		10,241,700	46.97
Total Quoted Equities		20,690,920	94.90
Quoted Real Estate Investment Trusts			
SPAIN			
Merlin Properties Socimi SA	34,020	370,667	1.70
Total SPAIN		370,667	1.70
UNITED STATES OF AMERICA			
American Tower Corporation	5,260	555,929	2.55
Total UNITED STATES OF AMERICA		555,929	2.55
Total Quoted Real Estate Investment Trusts		926,596	4.25
Portfolio of investments		21,617,516	99.15
Other net assets		184,662	0.85
Net assets attributable to unitholders		21,802,178	100.00

The accompanying notes form an integral part of these financial statements

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

By Geography (Summary)	Percentage of total net assets attributable to unitholders at 31 December 2016 %	Percentage of total net assets attributable to unitholders at 31 December 2015 %
Quoted Equities		
Australia	3.02	5.24
Britain	7.75	6.96
Canada	3.78	1.52
Cayman Islands	1.81	1.70
China	3.22	3.52
Finland	1.37	1.51
France	3.43	2.27
Germany	4.90	6.11
Hong Kong SAR	1.68	-
India	-	1.58
Ireland	6.55	4.12
Italy	-	1.65
Japan	7.21	9.58
Netherlands	-	1.76
South Korea	1.53	-
Switzerland	-	1.61
Taiwan	1.68	-
United States of America	46.97	45.33
Total Quoted Equities	94.90	94.46
Quoted Real Estate Investment Trusts		
Spain	1.70	2.09
United States of America	2.55	2.18
Total Quoted Real Estate Investment Trusts	4.25	4.27
Portfolio of investments	99.15	98.73
Other net assets	0.85	1.27
Net assets attributable to unitholders	100.00	100.00

The accompanying notes form an integral part of these financial statements

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

By Industry (Secondary)	Fair value at 31 December 2016 US\$	Percentage of total net assets attributable to unitholders at 31 December 2016 %	Percentage of total net assets attributable to unitholders at 31 December 2015 %
Aerospace/Defense	555,817	2.55	2.06
Airlines	403,920	1.85	-
Auto Manufacturers	334,509	1.53	1.87
Auto Parts & Equipment	334,516	1.53	-
Banks	2,017,062	9.25	9.26
Beverages	362,720	1.66	2.73
Biotechnology	656,761	3.01	-
Building Materials	945,936	4.34	2.06
Chemicals	442,292	2.03	1.66
Computers	-	-	2.66
Cosmetics/Personal Care	474,334	2.18	1.81
Distribution/Wholesale	821,419	3.77	1.37
Diversified Financial Services	357,879	1.64	1.43
Electrical Component & Equipment	462,446	2.12	-
Electronics	522,564	2.40	-
Food	294,584	1.35	4.26
Healthcare-Products	1,416,477	6.50	4.22
Healthcare-Services	1,007,939	4.62	2.29
Home Builders	309,639	1.42	2.01
Home Furnishings	429,609	1.97	1.86
Household Products/Wares	465,209	2.13	1.81
Insurance	834,752	3.83	1.65
Internet	1,051,203	4.82	5.74
Lodging	222,326	1.02	2.27
Media	-	-	2.14
Miscellaneous Manufacture	603,892	2.77	-
Oil and Gas	1,150,184	5.28	7.45
Pharmaceuticals	857,809	3.94	12.67
Real Estate Investment Trusts (REITS)	926,596	4.25	4.27
Retail	464,513	2.13	4.65
Semiconductors	366,052	1.68	-
Software	1,001,573	4.59	8.70
Telecommunications	889,421	4.08	1.51
Transportation	348,498	1.60	2.05
Water	285,065	1.31	2.27
Portfolio of investments	21,617,516	99.15	98.73
Other net assets	184,662	0.85	1.27
Net assets attributable to unitholders	21,802,178	100.00	100.00

The accompanying notes form an integral part of these financial statements

NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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 Shenton Global Opportunities Fund (the "Fund") is a Singapore domiciled fund constituted by a Trust Deed dated 10 October 1996 as amended by Supplemental Deeds and Amended and Restated Deeds (collectively referred to as the "Deeds"). The Deeds are governed by 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 three classes of units established within the Fund, namely SGD Class, USD Class and RMB Class.

The classes within the Scheme differ in terms of their Class Currency and the minimum subscription amounts applicable. The Deposited Property of the Scheme will be valued in USD. However, the NAV of each class within the Scheme will be valued in its respective class currency.

As of 31 December 2016, only SGD Class have been issued.

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) 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.

NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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)

(c) Investments (continued)

(ii) *Subsequent measurement*

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

(iii) *Derecognition*

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

(d) 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 price spread that is most representative of fair value.

(e) 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.

(f) Foreign currency translation

(i) *Functional and presentation currency*

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

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

(ii) *Transactions and balances*

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

NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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

3. Income Tax

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

Under the DUT Scheme, subject to certain conditions and reporting obligations being met, certain income of the DUT fund is not taxable in accordance with Sections 35(12) and 35(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 future contracts, transactions in interest rates 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 on 31 December 2016 and 2015 comprises:

	2016 US\$	2015 US\$
Overseas income tax	<u>81,652</u>	<u>70,295</u>

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

4. Receivables

	2016 US\$	2015 US\$
Receivable from unitholders for creation of units	79,601	2,400,625
Dividends receivable	12,509	7,264
Receivables on currencies purchased	-	4,023
	<u>92,110</u>	<u>2,411,912</u>

NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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

5. Payables

	2016	2015
	US\$	US\$
Payable to unitholders for cancellation of units	77,697	28,590
Amount due to the Manager	69,977	55,086
Valuation fee payable	2,519	1,983
Registrar fee payable	2,103	2,108
Provision for audit fee	8,939	8,866
Amount due to custodian	780	668
Trustee fee payable	5,597	4,408
	<u>167,612</u>	<u>101,709</u>

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

6. Units in issue

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

	2016	2015
Units at beginning of the financial year	24,436,071	23,905,886
Units created	5,665,415	4,282,770
Units cancelled	(2,768,801)	(3,752,585)
Units at end of the financial year	<u>27,332,685</u>	<u>24,436,071</u>
Net assets attributable to unitholders - US\$	21,802,178	18,682,710
Net asset value per unit - US\$	<u>0.798</u>	<u>0.765</u>

For subscriptions and redemption and for various fee calculations, investments are stated at the last traded prices on the valuation day for purpose of determining net asset value per unit. 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 for reporting purpose.

NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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

6. Units in issue (continued)

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 US\$	2015 US\$
Net assets attributable to unitholders as per financial statements per unit	0.798	0.765
Effect for movement in the net asset value between the last dealing date and the end of the reporting period [^]	-	-
Effect of adopting bid prices at fair value per unit	-	(0.002)
Net assets attributable to unitholders for issuing/redeeming per unit	<u>0.798</u>	<u>0.763</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. In 2016, the effect is less than 0.001.

7. 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 objective is to achieve medium to long term capital appreciation by investing primarily mainly in equities of developed and emerging markets.

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 changes in fundamentals and valuation. However, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the net asset value of the Fund.

As the Fund invests primarily in equities of developed and emerging markets across various geographies, the Manager is of the view that the price risk the Fund is best reflected by movements in its benchmark of MSCI World Free Index Composite (the "Index").

NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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. Financial risk management (continued)

(a) Market risk - Price risk (continued)

As at 31 December 2016, an increase/decrease of Index components within the 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: 10%). The analysis was based on the assumptions that the Index components within the benchmark increased/decreased by a reasonable possible shift, with all other variables held constant and that the fair value of Fund's investments moved according to the beta. Reasonable possible changes in market index percentage are revised annually depending on management's current view on market volatility and other relevant factors.

(b) Market risk - Interest rate risk

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

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

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

(c) Market risk - Currency risk

Currency risk is the risk that the value of 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.

NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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. Financial risk management (continued)

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

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

31 December 2016	USD US\$	SGD US\$	EUR US\$	GBP US\$	JPY US\$	HKD US\$	CAD US\$	AUD US\$	Others US\$	Total US\$
Assets										
Portfolio of investments	11,243,427	-	3,447,119	1,710,660	1,571,461	1,461,676	823,135	659,470	700,568	21,617,516
Receivables	8,302	79,601	-	2,849	1,358	-	-	-	-	92,110
Cash and bank balances	105,121	129,804	6,464	8,718	5,562	-	4,394	-	101	260,164
Total assets	11,356,850	209,405	3,453,583	1,722,227	1,578,381	1,461,676	827,529	659,470	700,669	21,969,790
Liabilities										
Payables	89,915	77,697	-	-	-	-	-	-	-	167,612
Total liabilities	89,915	77,697	-	167,612						
Net currency exposure	11,266,935	131,708	3,453,583	1,722,227	1,578,381	1,461,676	827,529	659,470	700,669	

NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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. Financial risk management** (continued)(c) **Market risk - Currency risk** (continued)

31 December 2015	USD US\$	SGD US\$	EUR US\$	JPY US\$	GBP US\$	CHF US\$	HKD US\$	AUD US\$	Others US\$	Total US\$
Assets										
Portfolio of investments	9,740,772	-	3,642,659	1,790,708	733,462	300,695	974,035	978,422	283,815	18,444,568
Receivables	1,298,740	3,276	464,155	228,063	95,124	38,157	124,113	124,706	35,578	2,411,912
Cash and bank balances	186,559	94,604	16	-	-	-	-	3	1,713	282,895
Total assets	11,226,071	97,880	4,106,830	2,018,771	828,586	338,852	1,098,148	1,103,131	321,106	21,139,375
Liabilities										
Payables	73,119	28,590	-	-	-	-	-	-	-	101,709
Purchases awaiting settlement	1,244,342	-	464,155	227,070	95,124	38,157	124,113	124,706	37,289	2,354,956
Total liabilities	1,317,461	28,590	464,155	227,070	95,124	38,157	124,113	124,706	37,289	2,456,665
Net currency exposure	9,908,610	69,290	3,642,675	1,791,701	733,462	300,695	974,035	978,425	283,817	

NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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. Financial risk management (continued)

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

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

As of 31 December 2016 and 2015, the Fund does not hold substantial monetary assets/liabilities. Changes in foreign exchange rates on monetary assets/liabilities will not result in a significant change in the net asset value of the Fund. Hence, no separate sensitivity analysis on foreign currency risk has been presented.

(d) **Liquidity risk**

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

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

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

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

The Fund's financial liabilities and net settled derivative financial liabilities 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 on demand or due in less than 3 months. The impact of discounting is not significant.

	Less than 3 months	
	As at	As at
	31 December	31 December
	2016	2015
	US\$	US\$
Liabilities		
Payables	167,612	101,709
Purchases awaiting settlement	-	2,354,956
Contractual cash outflows	167,612	2,456,665

NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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. 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.

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 bank and custodian 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

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

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

(f) 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.

NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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. Financial risk management (continued)

(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 or 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:

31 December 2016

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Assets				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted equities	20,690,920	-	-	20,690,920
- Quoted real estate investment trusts	926,596	-	-	926,596
	21,617,516	-	-	21,617,516

31 December 2015

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Assets				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted equities	17,645,796	-	-	17,645,796
- Quoted real estate investment trusts	798,772	-	-	798,772
	18,444,568	-	-	18,444,568

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

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

NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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. Related party transactions

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

	2016	2015
	US\$	US\$
Bank balances held with related party of the Trustee	260,164	282,895

9. Financial ratios

Expense ratio

		2016	2015
Total operating expenses	US\$	310,849	314,311
Average daily net asset value	US\$	18,823,475	17,054,487
Total expense ratio¹	%	1.65	1.84

Turnover ratio

		2016	2015
Lower of total value of purchases or sales	US\$	11,305,443	24,155,807
Average daily net asset value	US\$	18,823,475	17,054,487
Total turnover ratio²	%	60.06	141.64

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

NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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 15 to 19.

2. Credit rating of debt securities

Nil.

3. Top 10 holdings

10 Largest holdings at 31 December 2016

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Microsoft Corporation	1,001,573	4.59
Huntington Bancshares Incorporation	738,337	3.39
Facebook Incorporation	657,277	3.01
Celgene Corporation	656,761	3.01
SVB Financial Group	640,463	2.94
Keycorp	638,262	2.93
Siemens AG	603,892	2.77
AT&T Incorporation	591,731	2.71
CRH Public Listed Company	558,230	2.56
American Tower Corporation	555,929	2.55

10 Largest holdings at 31 December 2015

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Microsoft Corporation	828,035	4.43
Facebook Incorporation	754,703	4.04
Livanova Public Limited Company	566,052	3.03
Tyson Foods Incorporation	546,686	2.93
AbbVie Incorporation	529,901	2.84
Treasury Wine Estates Limited	509,104	2.73
Apple Incorporation	497,691	2.66
Caltex Australia Limited	469,318	2.51
Huntington Bancshares Incorporation	467,264	2.50
Advance Auto Parts Incorporation	456,196	2.44

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

REPORT TO UNITHOLDERS
For the financial year ended 31 December 2016

4. Exposure to financial derivatives

Nil.

5. Global exposure to financial derivatives

Nil.

6. Collateral

Nil.

7. Securities lending or repurchase transactions

Nil.

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

Please refer to the Statement of Portfolio on pages 15 to 19.

9. Borrowings

Nil.

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

US\$

Units created	4,452,165
Units cancelled	(2,136,673)

11. Turnover ratio

Please refer to Note 9 of the Notes to the Financial Statements on page 31.

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

REPORT TO UNITHOLDERS
For the financial year ended 31 December 2016

12. Expense ratio

Please refer to Note 9 of the Notes to the Financial Statements on page 31.

13. Related party transactions

Please refer to Note 8 of the Notes to the Financial Statements on page 31.

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

Nil.

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