

# NIKKO AM SGD INVESTMENT GRADE CORPORATE BOND ETF

As at 30 June 2020

# NIKKO AM SGD INVESTMENT GRADE CORPORATE BOND ETF

**Gain access to Singapore Dollar-denominated, investment grade corporate bonds**

## Investment Objective

The investment objective of the Fund is to provide investors with investment returns that correspond closely to the total return of the **iBoxx SGD Non-Sovereigns Large Cap Investment Grade Index** (the "Index") before fees and expenses.<sup>1</sup>

## Fund Features

**Portfolio:** primarily SGD-denominated Investment Grade Bonds<sup>2,3</sup>

**Inception Date:**  
27 August 2018

**AUM:**  
SGD 551.34 mil (30 Jun 2020)

**Base currency:** SGD

**Others:** Subscription of units through Cash, SRS or CPFIS-OA<sup>4</sup>; Included under the Enhanced-Tier Fund Tax Incentive Scheme; Units are Excluded Investment Products.

## Product Features

### No Currency Risk

Being SGD-denominated, the Fund poses no currency risk for local investors

### Investment Grade

The Fund enjoys an average A+ credit rating<sup>3</sup>

### Higher Returns<sup>5</sup>

The Fund offers potentially higher returns than SGD risk-free rate in medium to long-term

### Diversification

Invest in a diversified portfolio of bonds from investment grade issuers<sup>3</sup>

<sup>1</sup>There is no assurance that the Fund will achieve its investment objective or that it will be able to fully track the performance of the Index. <sup>2</sup>The Fund will generally not hold all the securities that are included in the Index. It can invest up to 20% of its total net asset value (NAV) in non-Index securities that meet certain criteria, see the prospectus for details. <sup>3</sup>Cash is included in the calculation of the average credit rating and is rated as AAA regardless of currencies held. The credit ratings of the underlying fixed income securities are determined by S&P or Moody's, and where official credit ratings are unavailable, iBoxx implied credit rating followed by Nikko AM Asia's internal credit ratings are used. Unrated bonds constituted 28.8% of the NAV of the Fund as of 31 December 2019. <sup>4</sup>The Fund is included under the CPFIS - Ordinary Account wef 22 Apr 2020 and is classified under the Low to Medium Risk–Narrowly Focused–Country–Singapore category. <sup>5</sup>**Please note that the Fund is subject to risks, including but not limited to interest rate risk, market risk and liquidity risk. Please refer to the Fund prospectus for more information on risks of investing in the Fund.**

# FUND & INDEX CHARACTERISTICS

The Fund has a weighted average duration of 5.62 years, weighted average YTM of 2.40% and an average credit rating of A+.

	Nikko AM SGD Investment Grade Corporate Bond ETF	iBoxx SGD Non-Sovereigns Large Cap Investment Grade Index
Number of Bonds	114	94
Number of Issuers	41	31
Total Size	SGD 551.3 mil	SGD 58.9 bn
Average Credit Rating <sup>1</sup>	A+	A+
Weighted Average Yield to Maturity <sup>2</sup> (%)	2.40	2.52
Weighted Average Duration <sup>3</sup> (Years)	5.62	5.61

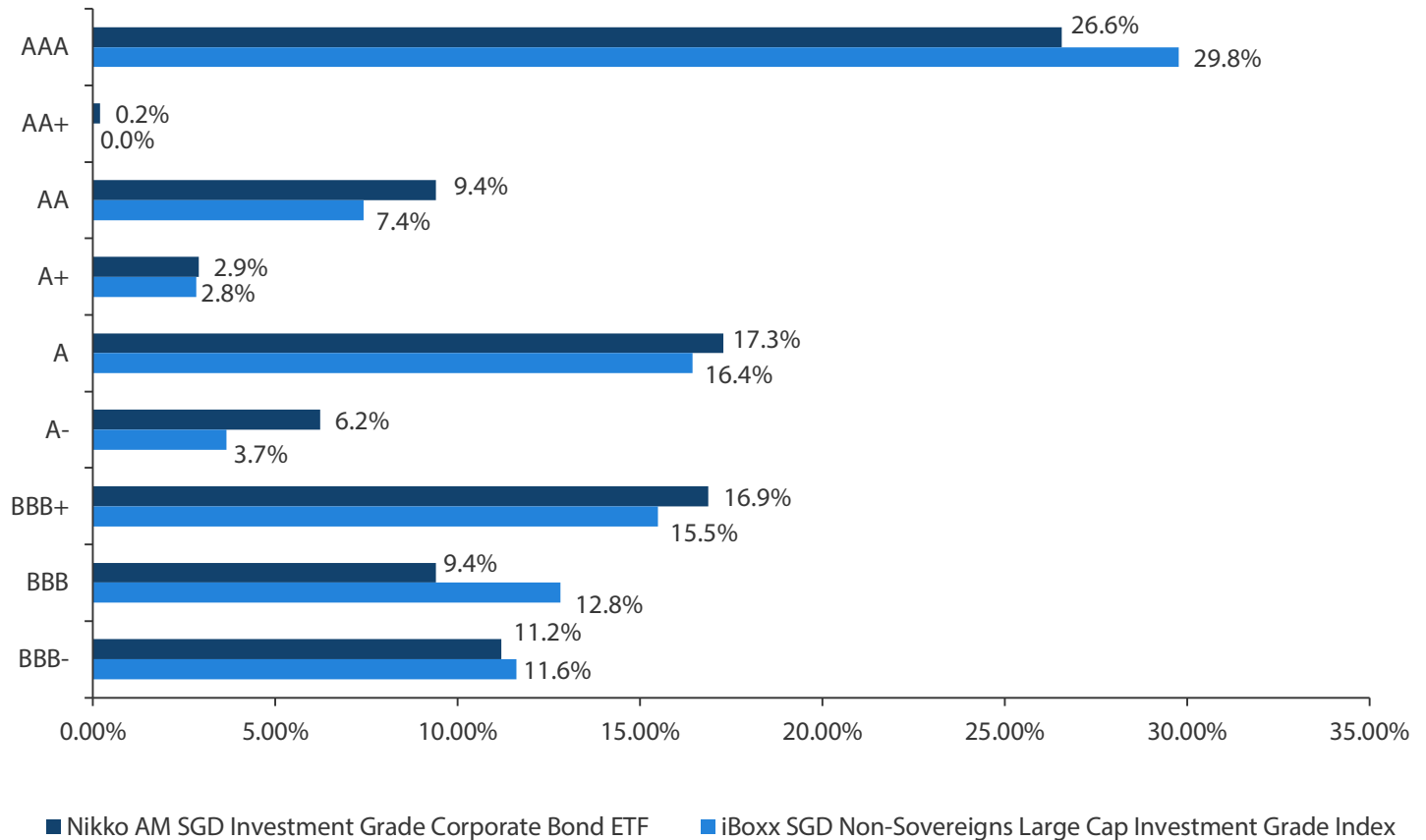
<sup>1</sup>Cash is included in the calculation of the average credit rating and is rated as AAA regardless of currencies held. The credit ratings of the underlying fixed income securities are determined by S&P or Moody's, and where official credit ratings are unavailable, iBoxx implied credit rating followed by Nikko AM Asia's internal credit ratings are used. <sup>2</sup>Weighted Average Yield to Maturity (%) is an average yield calculated by weighting each security presently held by the Fund at time of calculation with capitalisation and duration. Yield to Maturity and Yield to Call measures are used in the calculation for non-callable and callable bonds respectively. **The figure is for reference only and would vary from time to time due to market conditions and it does not represent the Fund's distribution yield or actual rate of return.** <sup>3</sup>Weighted Average Duration (years) is an average duration weighted with capitalisation, and the figure is for reference only and would vary from time to time due to market conditions. The copyright and intellectual rights to the index displayed above are the sole property of the index provider. Source: Nikko AM Asia, Markit iBoxx. As at 30 June 2020

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# FUND & INDEX CHARACTERISTICS

The Fund comprises investment grade bonds, with an average credit rating of A+.

## Credit Rating



Cash is included in the calculation of the average credit rating and is rated as AAA regardless of currencies held. The credit ratings of the underlying fixed income securities are determined by S&P or Moody's, and where official credit ratings are unavailable, iBoxx implied credit rating followed by Nikko AM Asia's internal credit ratings are used. The copyright and intellectual rights to the index displayed above are the sole property of the index provider. Source: Nikko AM Asia, Markit iBoxx.

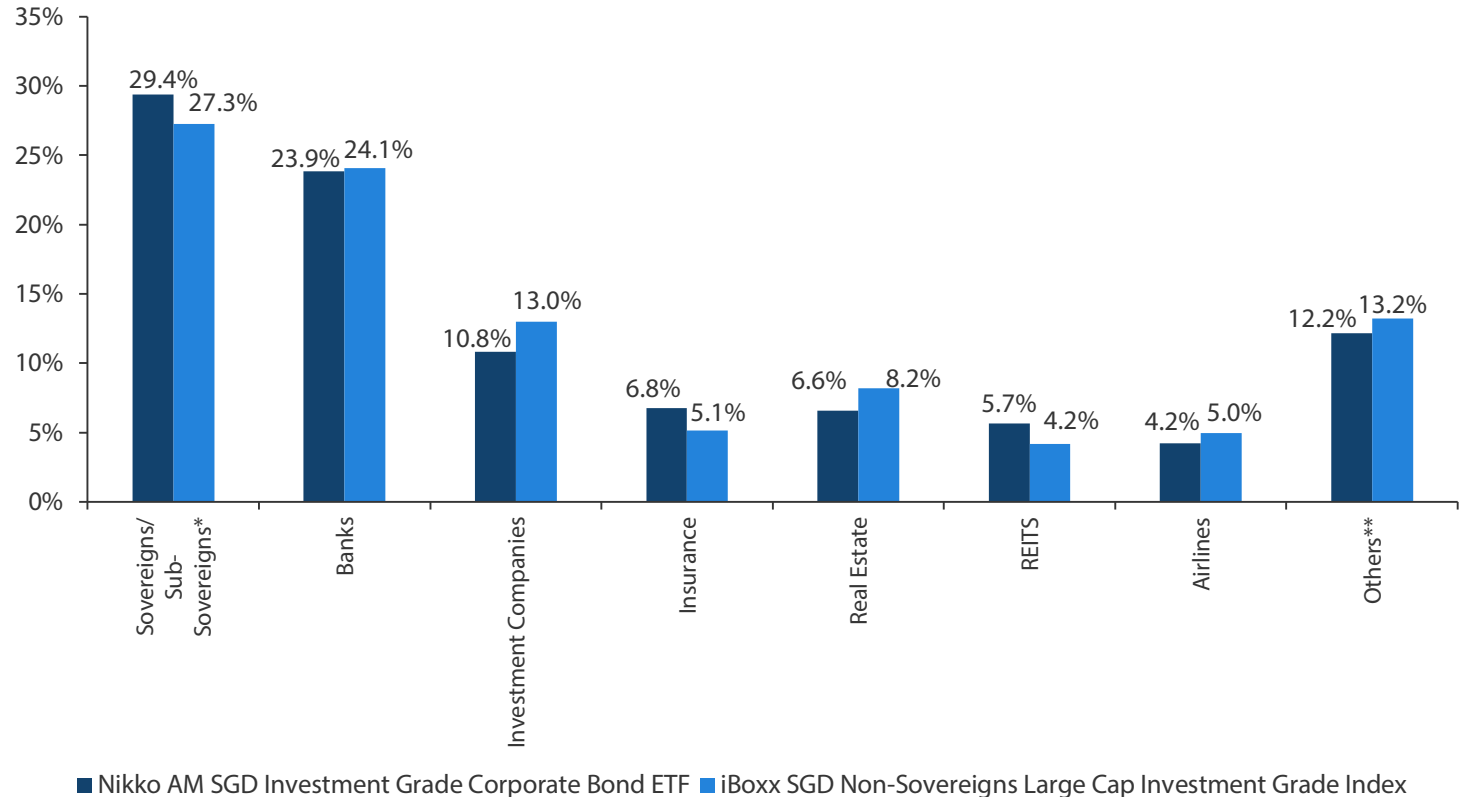
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# FUND & INDEX CHARACTERISTICS

The Fund's top 3 sector exposures are Sovereigns/Sub-Sovereigns, Banks and Investment Companies.

## Sector Weights



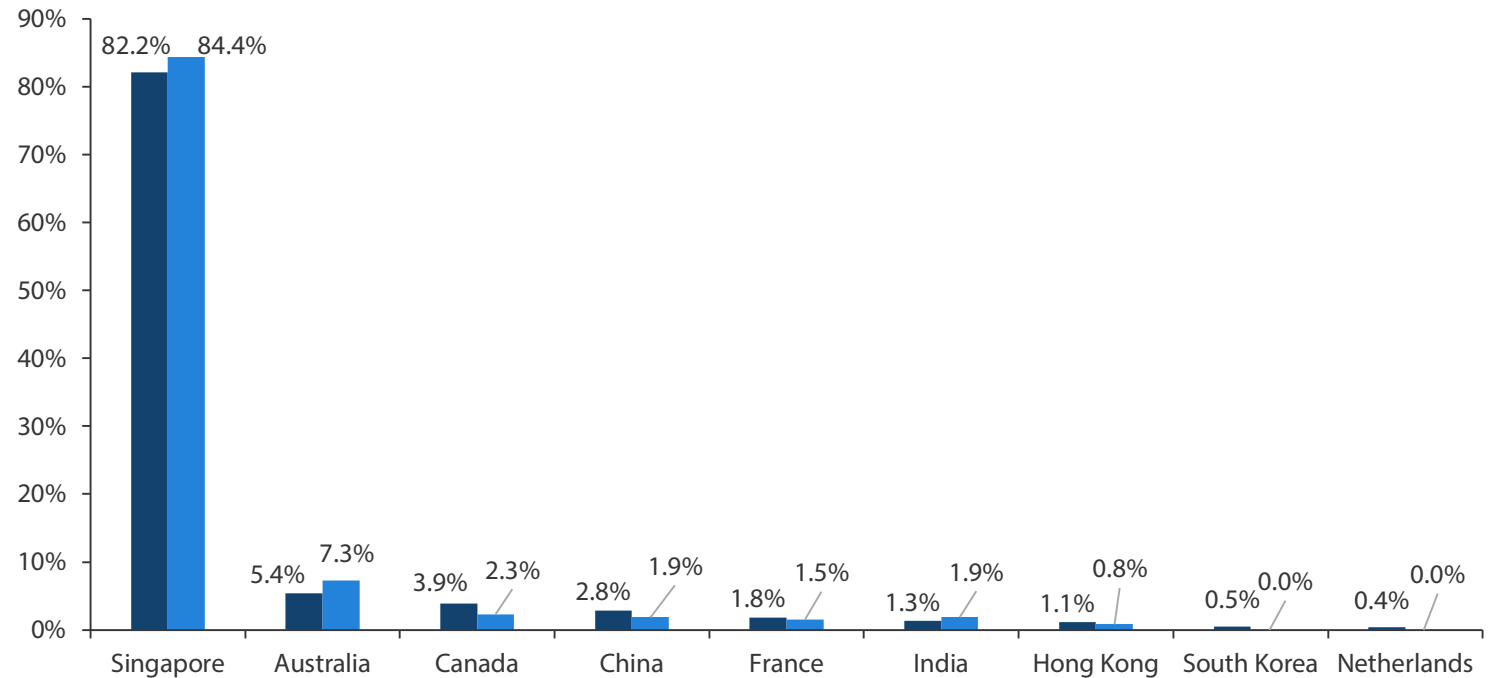
Any references to particular sectors are for illustrative purposes only and are as at the date of publication of this material. This is not a recommendation in relation to any named sectors and no warranty or guarantee is provided. Numbers in the graph may not sum to 100% as Cash and/ or Derivatives have been excluded. The sector breakdown is based on Bloomberg Industry Classification Standard (BICS). \*In BICS, this sector is classified generically as "Sovereigns". \*\*Others include BICS sectors like telecommunications, oil & gas, etc. The copyright and intellectual rights to the index displayed above are the sole property of the index provider. Source: Nikko AM Asia, Markit iBoxx.

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Aside from Singapore, the Fund has about 17% exposure to foreign issuers.

## Country Allocations



■ Nikko AM SGD Investment Grade Corporate Bond ETF

■ iBoxx SGD Non-Sovereigns Large Cap Investment Grade Index

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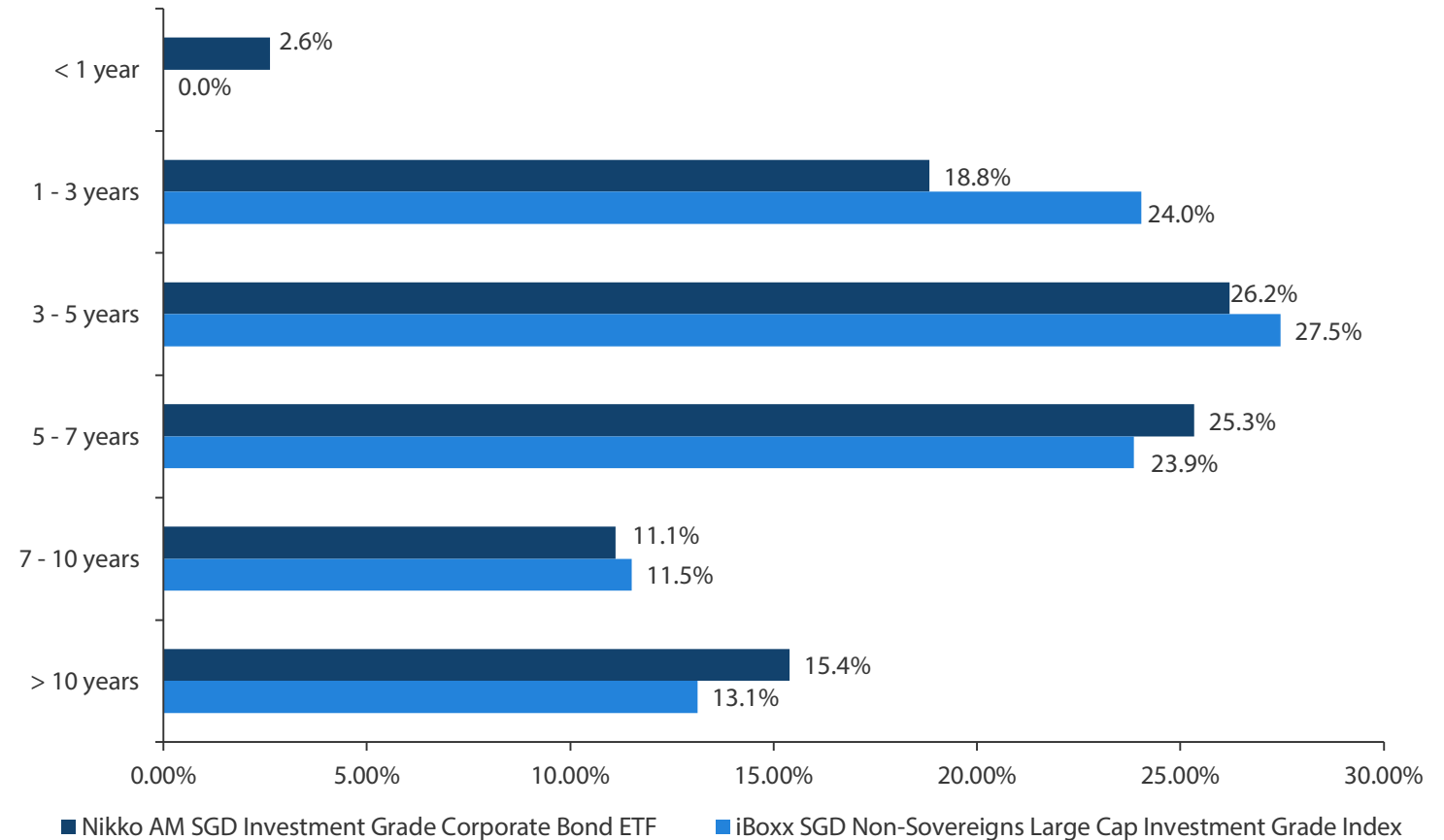
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# FUND & INDEX CHARACTERISTICS

**Overall weighted average duration is at 5.62 years.**

**About 19% is in the 1-3 years maturity segment.**

## Years to Maturity



Past performance does not guarantee future returns. Numbers in the graph may not sum to 100% as Cash and/ or Derivatives have been excluded. Weighted Average Duration (years) is an average duration weighted with capitalisation, and the figure is for reference only and would vary from time to time due to market conditions. The copyright and intellectual rights to the index displayed above are the sole property of the index provider. Source: Nikko AM Asia, Markit iBoxx.

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# KEY PRODUCT FEATURES

ETF Name	Nikko AM SGD Investment Grade Corporate Bond ETF
Inception date	27 August 2018
AUM	SGD 551.34 mil
Fund Manager	Nikko Asset Management Asia Limited
Trustee	DBS Trustee Limited
Underlying Index	iBoxx SGD Non-Sovereigns Large Cap Investment Grade Index
ETF Exposure	Primarily SGD-denominated Investment Grade Bonds
Replication Method	Representative sampling
Lot Size ( units per lot)	10
Distribution Frequency*	Annually, usually in January
Bloomberg Ticker	NIKIGCB SP Equity
Index Bloomberg Ticker	IBXXSNS5 Index
Exchange / Code	SGX / MBH
Management Fees	0.15% p.a.
Total Expense Ratio (audited as at 30 June 2019)	0.30% p.a.
3-Year Annualised Tracking Error	-
CPF Investment Scheme ("CPFIS")	No
Supplementary Retirement Scheme ("SRS")	Yes
Excluded Investment Product ("EIP")	Yes
Regular Subscription Programme:	With DBS/POSB, Phillip Securities, Fundsupermart

\*Distributions are not guaranteed and are at the absolute discretion of the Manager. Distributions could be derived from income and/or capital gains. Distributions may also be made from the capital of the Fund in accordance with the provisions of the Trust Deed, in which case the NAV of the Fund will be reduced. Please refer to the Fund's prospectus and Product Highlight Sheet for further details.



# CURRENT AUTHORISED PARTICIPANTS

<b>Participating Dealers</b>	<ul style="list-style-type: none"> <li>- CGS-CIMB Securities (S) Pte Ltd</li> <li>- DBS Vickers Securities (S) Pte Ltd</li> <li>- Flow Traders Asia Pte Ltd</li> <li>- iFAST Financial Pte Ltd</li> <li>- OCBC Securities Ptd Ltd</li> <li>- Phillip Securities Pte Ltd</li> <li>- UOB Kay Hian Pte Ltd</li> </ul>	<p><u>Subscription and Redemption</u></p> <ul style="list-style-type: none"> <li>(1) Minimum 50,000 units (cash). Submission deadline 12.00 PM SG-Time (T-Day)</li> <li>(2) Minimum 20,000,000 units (in-kind). Submission deadline 5.30 PM SG-Time (T-Day)</li> </ul>
<b>Designated Market Makers</b>	<ul style="list-style-type: none"> <li>- Flow Traders Asia Pte Ltd</li> <li>- Phillip Securities Pte Ltd</li> </ul>	<p><u>SGX Rulebook</u></p> <p>The Designated Market Maker is obliged to provide a 2-way bid and offer quotes with the following requirements:</p> <ul style="list-style-type: none"> <li>(1) At least SGD 50,000 on both sides</li> <li>(2) Quotes are provided for 85% of the SGX trading hours</li> <li>(3) Bid and offer quotes are within a maximum spread of 2%</li> </ul>

# IMPORTANT INFORMATION

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

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