

PRESS RELEASE  
26 OCTOBER 2020

NIKKO ASSET MANAGEMENT ASIA LIMITED

## Nikko AM and ICBC SG to offer a China Bond ETF

*Giving global investors access to a leading domestic China bond index for the first time*

Nikko Asset Management and Industrial and Commercial Bank of China Singapore Branch (ICBC SG) today announce the launch of the NikkoAM-ICBCSG China Bond ETF (the "ETF"). The ETF offers investors transparent, affordable and easy access to China Government Bonds and policy banks bonds. Policy banks are quasi-sovereign entities fully owned by the Chinese government.

Through this ETF, for the first time ever, investors outside of China will be able to invest in the ChinaBond ICBC 1 – 10 Year Treasury and Policy Bank Bond Index. This onshore index comprises China government bonds issued by the China Ministry of Finance, and bonds issued by policy banks such as the Agriculture Development Bank of China, the China Development Bank, and the Export-Import Bank of China. The index provider, ChinaBond Pricing Center Co., Ltd.(CBPC) is the leading pricing and index provider by market share in China, the world's second largest fixed income market. CBPC is a subsidiary of China Central Depository and Clearing Co., Ltd (CCDC), a wholly state-owned financial institution approved and established by the State Council of China. CCDC provides central registration, depository and settlement services for China's onshore RMB bonds.

"Last year, ICBC and CBPC jointly launched the ChinaBond-ICBC RMB Bond Index, which provides market participants with a representative and reputable performance benchmark for investing in RMB bonds in China. The Singapore Exchange (SGX) is the first exchange to distribute these bond indices outside of China. Today, we are pleased that Nikko AM, a leading ETF provider in Asia, is launching the first ETF linked to this index. As the sole RMB clearing bank in Singapore, ICBC SG will continue to play an active role in providing new channels for foreign investors to seize the opportunities in China's market." said Hu Fang, General Manager of ICBC SG.

The initial offer period (IOP) of the NikkoAM-ICBCSG China Bond ETF is from 26 October 2020 to 17 November 2020. The ETF is available in two different listed share classes -- an 'income' share class that distributes dividends semi-annually and an 'accumulation' share class without dividends. The 'income' share class will be denominated in SGD, while the 'accumulation' share class will be denominated in RMB but traded in both RMB and USD on SGX. Both share classes will list on SGX on 24 November.

"We are delighted to collaborate with ICBC, the top investor in CIBM (China Interbank Bond Market) with unparalleled connections in China, on the NikkoAM-ICBCSG China Bond ETF. Our footprints are different and highly complementary. Our thinking is aligned in wanting to be an important part of offering progressive solutions to access one of the largest growing asset classes, supporting Singapore's ambition to be a leading RMB hub," said Eleanor Seet, Head of Asia ex-Japan, Nikko Asset Management.

The sheer size of the China RMB Bond market makes China RMB bonds a compelling investment. China is the second largest and fastest growing bond market in the world. In spite of the RMB having been officially designated a reserve currency by the IMF since 2016, foreign participation is disproportionately low, although it has already been increasing. Foreign participation is set to rise further with the opening up of the CIBM for foreign investors.

Said Phillip Yeo, Joint Global Head of ETF Business at Nikko Asset Management, “The Chinese bond yields are higher than bonds of similar credit quality in the rest of the world. China policy banks are particularly interesting. While rated equivalently by international credit rating agencies with China Government Bonds at “A+”, policy bank bonds enjoy a higher yield of approximately 0.5%. The NikkoAM-ICBCSG China Bond ETF invests into a combination of Chinese Government Bonds and the higher yielding quasi-sovereign policy bank bonds. This is a convenient and low-cost way to access China Bonds as well as the RMB currency.

## Fund Details

Listing Date	24 November 2020
Base Currency	RMB
Trading Currency	RMB Class Units: RMB (Primary) RMB Class Units: USD (Secondary) SGD Class Units: SGD
Valuation Frequency	Daily
Listing	Singapore Exchange
Manager	Nikko Asset Management Asia Limited
Trustee	DBS Trustee Limited
Securities Market Makers/Designated Specialists	Flow Traders Asia Pte. Ltd. And Phillip Securities Pte Ltd.
Management Fee	0.15% p.a.
Total Expense Ratio	0.30% p.a.
Ticker	<u>Bloomberg Tickers</u> ZHY SP Equity (RMB Class Units Primary Currency: RMB) ZHD SP Equity (RMB Class Units Secondary Currency: US\$) ZHS SP Equity (SGD Class Units Primary Currency: S\$)  <u>SGX Stock Code</u> ZHY (RMB Class Units Primary Currency: RMB) ZHD (RMB Class Units Secondary Currency: US\$) ZHS (SGD Class Units Primary Currency: S\$)
ISIN Number	Unavailable at the moment

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## About Nikko Asset Management

With US\$235 billion\* under management, Nikko Asset Management is one of Asia’s largest asset managers, providing high-conviction, active fund management across a range of Equity, Fixed Income, Multi-Asset and Alternative strategies. In addition, its complementary range of passive strategies covers more than 20 indices and includes some of Asia’s largest exchange-traded funds (ETFs).

Headquartered in Asia since 1959, the firm represents nearly 200\*\* investment professionals and over 30 nationalities across 11 countries. More than 400 banks, brokers, financial advisors and life insurance companies around the world distribute the company's products.

The investment teams benefit from a unique global perspective complemented by the firm's historic Asian DNA, striving to deliver consistent excellence in performance. The firm also prides itself on its progressive solution-driven approach, which has led to many innovative funds launched for its clients.

For more information about Nikko Asset Management and to access its investment insights, please visit the firm's [homepage](#).

\* Consolidated assets under management and sub-advisory of Nikko Asset Management and its subsidiaries as of 30 June 2020.

\*\* As of 30 June 2020, including employees of Nikko Asset Management and its subsidiaries.

### Important Information

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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