

# ANNUAL REPORT

For the financial period from 4 February 2021  
(date of constitution) to 31 December 2021

**Nikko AM**  
**Dynamic Bond Fund**



**MANAGERS**

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

**DIRECTORS**

Kiyotaka Ryu  
Seet Oon Hui Eleanor  
Hiroki Tsujimura

**TRUSTEE & REGISTRAR**

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

PricewaterhouseCoopers LLP  
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Singapore 018936

**CUSTODIAN**

BNP Paribas Securities Services, operating through its Singapore Branch  
20 Collyer Quay, #01-01  
Singapore 049319

This report is also available on our website ([www.nikkoam.com.sg](http://www.nikkoam.com.sg))

## PERFORMANCE SUMMARY

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Dynamic Bond Fund SGD Hedged Class	-0.17	0.66	N/A	N/A	N/A	N/A	1.77

Source: Nikko Asset Management Asia Limited. Returns as at 31 December 2021. 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.

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Dynamic Bond Fund SGD Hedged Class	-5.16	-4.37	N/A	N/A	N/A	N/A	-3.32

Source: Nikko Asset Management Asia Limited. Returns as at 31 December 2021. 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, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Dynamic Bond Fund USD Hedged Class	-0.17	0.45	N/A	N/A	N/A	N/A	1.36

Source: Nikko Asset Management Asia Limited. Returns as at 31 December 2021. Returns are calculated on a NAV-NAV basis, USD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Dynamic Bond Fund USD Hedged Class	-5.16	-4.57	N/A	N/A	N/A	N/A	-3.71

Source: Nikko Asset Management Asia Limited. Returns as at 31 December 2021. Returns are calculated on a NAV-NAV basis, USD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, 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: 12 April 2021**

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## **Portfolio Review**

### ***The Fund edged higher in the review period***

The Nikko AM Dynamic Bond Fund (the "Fund") posted a return of 1.77% (in SGD terms, on a NAV-NAV basis) from the period since inception to 31 December 2021.

## **Market Review**

The performance of global bond and stock markets in 2021 stood in sharp contrast to the turbulence witnessed in 2020, as the invention of vaccines to contain the spread of coronavirus acted as a balm to the wounded economy. US 10-year Treasury yields climbed from all-time lows touched in August 2020, while global stocks climbed steadily. The recovery was also aided by the continuation of stimulus measures by central banks and governments. A semblance of normality returned to the markets as the prolonged period of lockdowns eased, helping resumption of economic activity once again. The renewed demand in the major economic regions of the world led to higher inflation, caused by supply bottlenecks, even as growth stagnated.

As the world began to emerge from the pandemic in the first quarter of 2021, developed market bond yields started moving higher. Bullish sentiment about economic growth later in the year was boosted by significant fiscal stimulus from the Biden administration. Despite a 0.67% increase in US 10-year Treasury yields in February and March, equity markets remained unnerved. The second quarter proved to be a reality check on many aspects. If the reflation story and expectations of strong economic recovery dragged yields higher in the previous quarter, the April-June quarter saw the emergence of fresh strains of virus that were considered highly contagious. This created uncertainty and cast a shadow on the growth outlook. The third quarter was a mixed bag as concerns over the new variant combined with the re-emergence of the reflation theme. Economies struggled with supply chain bottlenecks and difficulties in obtaining goods and raw materials, creating as much a drag on growth as an inflationary impulse.

At the beginning of the fourth quarter, the expectation was that data prints may show high levels of inflation for some time, driven by supply bottlenecks caused by COVID-19. Break-evens and government bond yields continued to rise in the early part of October, with the US 10-year yield reaching a high of 1.7%. But it proved difficult for the market to sustain higher levels of interest rates, and at the end of the month the snapback in break-evens and yields was quick, accelerated by stretched levels of short positioning. That was followed by a risk-off month in November, marked by wider credit spreads and lower government bond yields. The emergence of Omicron toward the end of November exacerbated the widening. Even before news of the new variant rocked markets, inflation and growth expectations were declining, spurred by concerns of accelerated US Federal Reserve (Fed) tapering later in the year. While fears around the severity of Omicron subsided in December, expectations of accelerated tightening of Fed policy were still dampened in part by the new variant at the December meeting. As a result, we saw strong performance from risk assets and a move higher in developed market government bond yields. High yield spreads dropped back below 300 basis points (bps), and the asset class returned 1.7% in December, capping a year where high yield returned over 5% (and investment grade lost around 1%). Inflation expectations also rose, keeping real rates deeply negative. In FX the US dollar was slightly weaker against the euro, but broadly flat overall. Energy prices retraced most, but not quite all, of their November losses.

## **Market Outlook & Strategy**

We continue to think inflation is transitory and expect it to subside as supply chain bottlenecks ease and people return to work. For example, recent purchasing managers indices from the US appear to be showing early signs of price pressure easing and bottlenecks diminishing. While new variants

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and the longevity of the pandemic have sustained inflationary forces for longer than we expected, the fact remains these are transitory forces that will subside in time. Omicron has the potential to cause another delay in inflation normalisation, but as it becomes increasingly clear that this variant is less severe than others, it is likely to be a short delay. Furthermore, governments around the world appear to be somewhat reluctant to impose the kind of lockdowns we saw in 2020. We are already seeing encouraging signs that US auto manufacturing is no longer experiencing chip shortages, and Asian semiconductor production is back to normal levels, and we think this pattern will continue.

We also continue to see economic headwinds in 2022. We expect the Christmas splurge to be the last phase of a sugar-driven retail boom that has been sustained by reopening, stimulus cheques and loose policy but is now almost extinguished thanks to durable asset saturation and the effects of short-term inflation. The ability of the US government to keep writing cheques to keep the boom going is limited: if Biden is having enormous difficulty getting his watered-down build back better plan through a majority government now, how can he expect to achieve anything when he loses one or even both of the House and Senate in November 2022?

At the same time, central banks are tightening policy just as rates of growth slow down; the US is building up its treasury general account, which is equivalent to a significant phase of quantitative tightening; and after December's moves, risk assets are looking expensive. All this points to a more uncertain picture in 2022 and supports our cautious bias within high yield, and our continued long duration positioning.

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This document is purely for informational purposes only with no consideration given to the specific investment objective, financial situation and particular needs of any specific person. It should not be relied upon as financial advice. 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 funds 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 Fund or any underlying fund may use or invest in financial derivative instruments.** The value of units and income from them may fall or rise. Investments in the Fund are subject to investment risks, including the possible loss of principal amount invested. You should read the relevant prospectus (including the risk warnings) and product highlights sheet of the Fund, which are available and may be obtained from appointed distributors of Nikko AM Asia or our website ([www.nikkoam.com.sg](http://www.nikkoam.com.sg)) before deciding whether to invest in the Fund.

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#### **For Hong Kong Investors**

The Fund may be offered to professional investors in Hong Kong. Hong Kong investors should note that the contents of this document have not been reviewed by any regulatory authority in Hong Kong and are advised to exercise caution in relation to the offer. 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

## **NIKKO AM DYNAMIC BOND FUND**

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

### **REPORT OF THE TRUSTEE**

*For the financial period from 4 February 2021 (date of constitution) to 31 December 2021*

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The Trustee is under a duty to take into custody and hold the assets of Nikko AM Dynamic Bond Fund (the "Fund") in trust for the unitholders. In accordance with the Securities and Futures Act 2001, 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 period covered by these financial statements, set out on pages 11 to 30, 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

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Authorised signatory  
29 March 2022

## **NIKKO AM DYNAMIC BOND FUND**

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

### **STATEMENT BY THE MANAGER**

*For the financial period from 4 February 2021 (date of constitution) to 31 December 2021*

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In the opinion of Nikko Asset Management Asia Limited, the accompanying financial statements set out on pages 11 to 30, 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 Dynamic Bond Fund (the "Fund") as at 31 December 2021, and the financial performance and movements in unitholders' funds for the financial period from 4 February 2021 (date of constitution) to 31 December 2021 in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" 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

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Authorised signatory  
29 March 2022

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

**Our Opinion**

In our opinion, the accompanying financial statements of Nikko AM Dynamic Bond Fund (the "Fund"), are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" 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 2021, and the financial performance and movements of unitholders' funds for the financial period ended on that date.

*What we have audited*

The financial statements of the Fund comprise:

- the Statement of Total Return for the financial period from 4 February 2021 (date of constitution) to 31 December 2021;
- the Statement of Financial Position as at 31 December 2021;
- the Statement of Movements of Unitholders' Funds for the financial period from 4 February 2021 (date of constitution) to 31 December 2021;
- the Statement of Portfolio as at 31 December 2021; 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 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, 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 DYNAMIC BOND 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 Investment Funds" 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.

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.

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

- 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.

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 2022

## NIKKO AM DYNAMIC BOND FUND

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

### STATEMENT OF TOTAL RETURN

For the financial period from 4 February 2021 (date of constitution) to 31 December 2021

	Note	For the financial period from 4 February 2021 (date of constitution) to 31 December 2021 EUR
<b>Income</b>		
Dividends		37,441
Other income		1,614
		<u>39,055</u>
<b>Less: Expenses</b>		
Management fee		11,331
Management fee rebate		(409)
Expenses reimbursement		(20,541)
Registrar fee		1,361
Trustee fee		1,953
Audit fee		5,684
Valuation fee		2,735
Transaction costs		2,347
Other expenses		5,429
		<u>9,890</u>
<b>Net income</b>		<u>29,165</u>
<b>Net gains or losses on value of investments and financial derivatives</b>		
Net losses on investments		(25,934)
Net foreign exchange gains		1,098
Net gains on financial derivatives		82,911
		<u>58,075</u>
<b>Total return for the financial period before income tax</b>		<u>87,240</u>
<b>Less: Income tax</b>	3	-
<b>Total return for the financial period after income tax</b>		<u>87,240</u>

The accompanying notes form an integral part of these financial statements

**NIKKO AM DYNAMIC BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF FINANCIAL POSITION***As at 31 December 2021*

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	Note	2021 EUR
<b>ASSETS</b>		
Portfolio of investments		2,029,024
Receivables	4	22,175
Cash and cash equivalents		95,234
Financial derivatives at fair value	6	12,391
<b>Total assets</b>		<b>2,158,824</b>
<b>LIABILITIES</b>		
Payables	5	9,678
Distributions payable	8	8,006
Financial derivatives at fair value	6	3,540
<b>Total liabilities</b>		<b>21,224</b>
<b>EQUITY</b>		
Net assets attributable to unitholders	7	2,137,600

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*The accompanying notes form an integral part of these financial statements*

**NIKKO AM DYNAMIC BOND FUND**

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

**STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS**

For the financial period from 4 February 2021 (date of constitution) to 31 December 2021

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	Note	For the financial period from 4 February 2021 (date of constitution) to 31 December 2021 EUR
<b>Net assets attributable to unitholders at the beginning of the financial period</b>		-
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations		87,240
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units		2,145,217
Cancellation of units		(57,651)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		2,087,566
Distributions	8	(37,206)
Total increases in net assets attributable to unitholders		2,137,600
<b>Net assets attributable to unitholders at the end of the financial period</b>	7	2,137,600

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The accompanying notes form an integral part of these financial statements

**NIKKO AM DYNAMIC BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2021***By Geography (Primary)**

	Holdings at 31 December 2021	Fair value at 31 December 2021 EUR	Percentage of total net assets attributable to unitholders at 31 December 2021 %
<b>Quoted Investment Fund</b>			
<b>LUXEMBOURG</b>			
The Jupiter Global Fund - Jupiter Dynamic Bond Class I	204,333	2,029,024	94.92
<b>Total LUXEMBOURG</b>		<u>2,029,024</u>	<u>94.92</u>
<b>Total Quoted Investment Fund</b>		<u>2,029,024</u>	<u>94.92</u>
<b>Portfolio of investments</b>		2,029,024	94.92
<b>Other net assets</b>		108,576	5.08
<b>Net assets attributable to unitholders</b>		<u>2,137,600</u>	<u>100.00</u>

**By Geography (Summary)**

	Percentage of total net assets attributable to unitholders at 31 December 2021 %
<b>Quoted Investment Fund</b>	
Luxembourg	<u>94.92</u>
<b>Total Quoted Investment Fund</b>	<u>94.92</u>
<b>Portfolio of investments</b>	94.92
<b>Other net assets</b>	<u>5.08</u>
<b>Net assets attributable to unitholders</b>	<u>100.00</u>

As the Fund is invested wholly into The Jupiter Global Fund - Jupiter Dynamic Bond, which is registered in Luxembourg, information on investment portfolio by industry segments is not presented as the Fund invests only into an underlying fund.

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*The accompanying notes form an integral part of these financial statements*

## **NIKKO AM DYNAMIC BOND FUND**

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

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial period from 4 February 2021 (date of constitution) to 31 December 2021*

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

#### **1. General**

Nikko AM Dynamic Bond Fund (the "Fund") is a standalone unit trust in Singapore, constituted under a Trust Deed dated 4 February 2021 (referred to as the "Deed"). The Deed is governed by the laws of the Republic of Singapore. The Trustee of the Fund is BNP Paribas Trust Services Singapore Limited (the "Trustee"). The Manager of the Fund is Nikko Asset Management Asia Limited (the "Manager").

There are currently five classes of units established within the Fund, namely the SGD Hedged Class, the SGD Hedged (Acc) Class, the USD Hedged Class, the AUD Hedged Class and the EUR Class.

The classes differ in terms of their currency of denomination. In addition, for the SGD Hedged Class, the SGD Hedged (Acc) Class, the AUD Hedged Class and the USD Hedged Class, the Managers intends to hedge the currency exposure of the assets of the Fund attributable to (a) the SGD Hedged Class and the SGD Hedged (Acc) Class into SGD, (b) the AUD Hedged Class into AUD, and (c) the USD Hedged Class into USD, through the use of currency forwards. Consequently, the net asset value ("NAV") per unit of each of the SGD Hedged Class, the SGD Hedged (Acc) Class, the AUD Hedged Class and the USD Hedged Class will take into account any gains or losses arising from the use of the currency forwards in respect of the relevant class. Classes denoted with "(Acc)" are accumulating share classes whilst other classes are distributing units classes.

As of 31 December 2021, only units in the SGD Hedged Class and USD Hedged 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 recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" ("RAP 7") issued by the Institute of Singapore Chartered Accountants in July 2020 for the financial year beginning on or after 1 July 2020.

## NIKKO AM DYNAMIC BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 4 February 2021 (date of constitution) to 31 December 2021

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#### 2. Significant accounting policies (continued)

##### (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) Expenses reimbursement

In respect of the existing five classes described in Note 1, the Managers intends to cap the total expense ratio of each class at 1.45% per class. Any fees and expenses that are payable by the relevant class and are in excess of the total expense ratio cap for such class will be borne by the Manager and not the class. The Manager reserves full discretion, to remove or vary the percentage of such cap by notification to unitholders. In addition, for new classes established subsequently, the Manager reserves the discretion not to impose a cap or to impose a different cap on such subsequent classes.

##### (d) 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.

##### (e) 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 is included in the Statement of Total Return in the period 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.

## NIKKO AM DYNAMIC BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 4 February 2021 (date of constitution) to 31 December 2021

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#### 2. Significant accounting policies (continued)

(f) Basis of valuation of investments

The fair value of investments held in the Underlying Fund is the quoted net asset value of the Underlying Fund as determined by the Underlying Fund's administrator.

(g) 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.

(h) Sales and purchases awaiting settlement

Sales and purchases awaiting settlement represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the Statement of Financial Position date respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost.

(i) Payables

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks which are subject to an insignificant risk of changes in value.

(k) Foreign currency translation

(i) *Functional and presentation currency*

The Fund qualifies as an authorised scheme under the Securities and Futures Act 2001 ("SFA") of Singapore and is offered to retail investors in Singapore. The Fund's activities are substantially based in Singapore, with subscriptions and redemptions of the units of the Fund denominated in Singapore Dollar ("SGD") and United States Dollar ("USD").

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

## NIKKO AM DYNAMIC BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 4 February 2021 (date of constitution) to 31 December 2021

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#### 2. Significant accounting policies (continued)

##### (k) Foreign currency translation (continued)

###### (ii) *Transactions and balances*

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

##### (l) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

##### (m) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes: (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Fund considers all of its investments in another fund (the "Underlying Fund") to be investments in unconsolidated structured entities. The Fund invests in the Underlying Fund whose objectives range from achieving short to long term capital growth and whose investment strategy does not include the use of leverage. The Underlying Fund applies various investment strategies to accomplish their respective investment objectives. The Underlying Fund finances its operations by issuing redeemable units which are puttable at the unitholder's option and entitles the unitholder to a proportional stake in the respective fund's net assets. The Fund holds redeemable units in the Underlying Fund.

The change in fair value of the Underlying Fund are included in the Statement of Total Return in "Net gains/(losses) on investments".

##### (n) Financial derivatives

Financial derivatives are entered into for the purposes of efficient portfolio management, tactical asset allocation or specific hedging of financial assets held as determined by the Manager and in accordance with the provisions of the Deed.

Financial derivatives outstanding at the end of the financial period are valued at forward rates or at current market prices using the "mark-to-market" method, as applicable, and the resultant gains and losses are taken up in the Statement of Total Return.

## NIKKO AM DYNAMIC BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 4 February 2021 (date of constitution) to 31 December 2021

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#### 3. Income tax

The Fund is under the Offshore Fund Scheme (Section 13D\* of the Income Tax Act and the relevant Regulations).

In accordance to Section 13D\* of Income Tax Act 1947 of Singapore, subject to certain conditions, the following income shall not form part of the statutory income of the Fund and is thus not taxable for the year of assessment:

- (a) gains or profit 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 1947);
- (c) dividends derived from outside Singapore and received in Singapore;
- (d) gains or profits derived from foreign exchange transactions, transactions in futures contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities or financial index;
- (e) discount prepayment fee, redemption premium and break cost from qualifying debt securities issued during the prescribed period; and
- (f) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.

\* The Singapore Attorney General issued the Revised Edition of Acts 2020 effective 31 December 2021 which streamlined and renumbered various Acts, including for the Income Tax Act. The abovementioned scheme previously provided under section 13CA of the Income Tax Act is now provided under section 13D of the Income Tax Act 1947.

#### 4. Receivables

	<b>2021</b>
	<b>EUR</b>
Receivable from unitholders for creation of units	<b>1,294</b>
Dividends receivable	<b>6,498</b>
Other receivable	<b>216</b>
Amount due from the Manager	<b>14,167</b>
	<b><u>22,175</u></b>

Amount due from the Manager comprises management fee payable to and expenses reimbursement due from Nikko Asset Management Asia Limited.

## NIKKO AM DYNAMIC BOND FUND

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### NOTES TO THE FINANCIAL STATEMENTS

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#### 5. Payables

	2021 EUR
Amount due to the Trustee	782
Valuation fee payable	1,095
Registrar fee payable	391
Provision for audit fee	6,082
Other payables	1,328
	<u>9,678</u>

Trustee fee and registrar fee are payable to BNP Paribas Trust Services Singapore Limited. Valuation fee is payable to BNP Paribas Securities Services, operating through its Singapore Branch.

#### 6. Financial derivatives

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

	Contract or underlying principal amount	Year-end positive fair value	Year-end negative fair value
	2021 EUR	2021 EUR	2021 EUR
Forward foreign exchange contracts	<u>2,142,814</u>	<u>12,391</u>	<u>(3,540)</u>

The Fund also restricts its exposure to credit losses on the trading derivative instruments it holds by entering into master netting arrangements with approved brokers with whom it undertakes a significant volume of transactions. Master netting arrangements do not result in an offset of Statement of Financial Position assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Fund's overall exposure to credit risk on derivative instruments, subject to a master netting arrangement, can change substantially within a short period as it is affected by each transaction subject to the arrangement.

##### (i) Offsetting financial assets

As at 31 December 2021, there is no position of financial assets which are subject to enforceable master netting agreements or similar agreements.

## NIKKO AM DYNAMIC BOND FUND

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### NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 4 February 2021 (date of constitution) to 31 December 2021

#### 6. Financial derivatives (continued)

##### (ii) Offsetting financial liabilities

Financial liabilities which are subject to enforceable master netting agreements or similar agreements for the period ended 31 December 2021 are detailed in the following table.

2021	Gross amounts of recognised financial liabilities EUR	Gross amounts of recognised financial assets set-off in the Statement of Financial Position EUR	Net amounts of financial liabilities presented in the Statement of Financial Position EUR	Related accounts not set-off in the Statement of Financial Position		
				Financial instruments EUR	Cash collateral EUR	Net exposure EUR
Forward foreign exchange contracts	(3,540)	-	(3,540)	-	-	(3,540)

#### 7. Units in issue

During the period ended 31 December 2021, the number of units issued, redeemed and outstanding were as follows:

<b><u>SGD Hedged Class</u></b>	<b>2021</b>
Units at beginning of the financial period	-
Units created	2,672,424
Units cancelled	(92,015)
Units at end of the financial period	<u>2,580,409</u>
Net assets attributable to unitholders - EUR	1,670,726
Net asset value per unit - EUR	<u>0.647</u>
<b><u>USD Hedged Class</u></b>	<b>2021</b>
Units at beginning of the financial period	-
Units created	536,542
Units cancelled	-
Units at end of the financial period	<u>536,542</u>
Net assets attributable to unitholders - EUR	466,874
Net asset value per unit - EUR	<u>0.870</u>

## NIKKO AM DYNAMIC BOND FUND

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### NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 4 February 2021 (date of constitution) to 31 December 2021

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#### 7. 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:

<b><u>SGD Hedged Class</u></b>	<b>2021 EUR</b>
Net assets attributable to unitholders per financial statements per unit	<b>0.647</b>
Effects of distribution per unit	<b>0.003</b>
Net assets attributable to unitholders for issuing/redeeming per unit	<b>0.650</b>
<b><u>USD Hedged Class</u></b>	<b>2021 EUR</b>
Net assets attributable to unitholders per financial statements per unit	<b>0.870</b>
Effects of distribution per unit	<b>0.003</b>
Net assets attributable to unitholders for issuing/redeeming per unit	<b>0.873</b>

#### 8. Distributions

	<b>2021 EUR</b>
June interim distribution of S\$0.13 (SGD Hedged Class) & US\$0.17 (USD Hedged Class) per 100 units in respect of the financial period ended 31 December 2021	<b>1,292</b>
June additional distribution of S\$0.18 (SGD Hedged Class) & US\$0.14 (USD Hedged Class) per 100 units in respect of the financial period ended 31 December 2021	<b>1,626</b>
July interim distribution of S\$0.39 (SGD Hedged Class) & US\$0.39 (USD Hedged Class) per 100 units in respect of the financial period ended 31 December 2021	<b>3,790</b>
August interim distribution of S\$0.34 (SGD Hedged Class) & US\$0.33 (USD Hedged Class) per 100 units in respect of the financial period ended 31 December 2021	<b>4,130</b>
September interim distribution of S\$0.32 (SGD Hedged Class) & US\$0.32 (USD Hedged Class) per 100 units in respect of the financial period ended 31 December 2021	<b>4,779</b>
October interim distribution of S\$0.34 (SGD Hedged Class) & US\$0.34 (USD Hedged Class) per 100 units in respect of the financial period ended 31 December 2021	<b>5,588</b>
November interim distribution of S\$0.37 (SGD Hedged Class) & US\$0.37 (USD Hedged Class) per 100 units in respect of the financial period ended 31 December 2021	<b>7,995</b>
December final distribution of S\$0.37 (SGD Hedged Class) & US\$0.37 (USD Hedged Class) per 100 units in respect of the financial period ended 31 December 2021	<b>8,006</b>
	<b>37,206</b>

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## NIKKO AM DYNAMIC BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial period from 4 February 2021 (date of constitution) to 31 December 2021*

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#### 9. Financial risk management

The Fund's activities expose it to a variety of risk, including but not limited to market risk (including price risk, interest rate risk and currency 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 investment objective is to achieve a high income with the prospect of capital growth. The Fund will invest directly or indirectly primarily in high yield bonds, investment grade bonds, government bonds, convertible bonds and other bonds.

The Manager seeks to achieve the investment objective of the Fund by investing all or substantially all of the Fund's assets into the Jupiter Dynamic Bond, a sub-fund of The Jupiter Global Fund (the "Underlying Fund"), which seeks to achieve its investment objective of a high income with the prospect of capital growth from a portfolio of investments in global fixed interest securities.

These financial instruments are held in accordance with the published investment policies of the Fund and managed accordingly to achieve the investment objectives.

The COVID-19 pandemic continues to evolve and develop. The situation is dynamic with various cities and countries around the world responding in different ways to address the pandemic. As a result of the COVID-19 pandemic, global financial markets have experienced significant volatility. Given the extent of the crisis, it is difficult to estimate the impact or duration of the volatility on the portfolio of the Fund. The Manager is closely monitoring the development of the COVID-19 pandemic and its related impact.

##### (a) Market risk - Price risk

Price risk is the risk that arises from uncertainties about future prices of financial instruments.

The Fund's investment is substantially dependent on the changes of market prices. The Fund's overall market positions are monitored regularly so as to assess any deviation from the Fund's investment objective. However, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the net asset value of the Fund.

The Fund is actively managed. There is no benchmark against which the performance of the Fund is measured as the Underlying Fund, which the Fund invests substantially into, is actively managed and is not managed by reference to a benchmark. The Manager has assessed that the price risk of the Fund is best reflected by movements in the 50% ICE BofA Global Government Index and 50% ICE BofA Global High Yield Constrained Index (the "Index").

As at 31 December 2021, an increase/decrease of the index component within the Index by 12%, with all other variables remaining constant, the net assets attributable to unitholders for the period would increase/decrease by approximately 4%. The analysis was based on the assumptions that the index components within the Index 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 the Manager's current view on market volatility and other relevant factors.

## NIKKO AM DYNAMIC BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 4 February 2021 (date of constitution) to 31 December 2021

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#### 9. Financial risk management (continued)

##### (b) Market risk - Interest rate risk

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

Investment funds that invest in 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.

As at 31 December 2021, except for cash and cash equivalents with maturity period of less than 3 months, all other assets and liabilities are non-interest bearing. Changes in interest rates may also have an impact on the value of investment portfolios that consist of fixed income components within the Underlying Fund. The impact of a change in interest rates on the net assets attributable to unitholders is analysed in Note 9(a), where such a change has an impact on the benchmarked bond indices used in the price risk sensitivity analysis. Hence, no separate interest rate risk sensitivity analysis is presented.

##### (c) Market risk - Currency risk

Currency risk is the risk that the value of financial instrument will fluctuate due to changes in foreign exchange rates.

To minimise currency risk, the Fund mainly holds its excess cash in its functional currency. For hedging purposes, the Fund may also enter into forward foreign exchange contracts.

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

As at 31 December 2021	EUR EUR	SGD EUR	USD EUR	Total EUR
<b>Assets</b>				
Portfolio of investments	2,029,024	-	-	2,029,024
Receivables	20,881	1,294	-	22,175
Cash and cash equivalents	36,462	38,186	20,586	95,234
<b>Total assets</b>	<b>2,086,367</b>	<b>39,480</b>	<b>20,586</b>	<b>2,146,433</b>
<b>Liabilities</b>				
Payables	-	9,678	-	9,678
Distributions payable	-	6,248	1,758	8,006
<b>Total liabilities</b>	<b>-</b>	<b>15,926</b>	<b>1,758</b>	<b>17,684</b>
<b>Net off-balance sheet derivative financial instruments</b>	<b>(2,130,500)</b>	<b>1,677,391</b>	<b>461,960</b>	
<b>Net currency exposure</b>	<b>(44,133)</b>	<b>1,700,945</b>	<b>480,788</b>	

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.

## NIKKO AM DYNAMIC BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 4 February 2021 (date of constitution) to 31 December 2021

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#### 9. Financial risk management (continued)

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

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

	Increase/decrease in foreign exchange rate (%) 31 December 2021	Increase/decrease in net asset attributable to unitholders (%) 31 December 2021
SGD	4	3
USD	6	1

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##### (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 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 financial liabilities are analysed using contractual undiscounted cash flows for maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date. As at 31 December 2021, all liabilities are either payable upon demand or due in less than 3 months. The impact of discounting is not significant.

	<u>Less than 3 months</u> As at 31 December 2021 EUR
Payables	9,678
Distributions payable	8,006
<b>Contractual cash outflows</b> <b>(excluding gross settled derivatives)</b>	<u>17,684</u>

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### NOTES TO THE FINANCIAL STATEMENTS

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#### 9. Financial risk management (continued)

##### (d) Liquidity risk (continued)

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

	<u>Less than 3 months</u>
	As at
	31 December 2021
	EUR
<b>Currency forwards</b>	
- Outflow	(465,500)
- Inflow	461,960
<b>Net outflow</b>	<u>(3,540)</u>

##### (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.

The Fund is also exposed to counterparty credit risk on its financial assets held at amortised cost. As at 31 December 2021, the Fund's financial assets held at amortised cost as disclosed in the Statement of Financial Position are realised within three months. The Manager considers the probability of default to be insignificant as the counterparties generally have a strong capacity to meet their contractual obligations in the near term. Hence, no loss allowance has been recognised based on the 12-month expected credit losses as any such impairment would be insignificant to the Fund.

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### NOTES TO THE FINANCIAL STATEMENTS

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#### 9. Financial risk management (continued)

##### (e) Credit risk (continued)

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 cash equivalents and outstanding and committed transactions from brokers. The table below summarises the credit rating of bank and custodians in which the Fund's assets are held as at 31 December 2021.

	Credit rating as at 31 December 2021	Source of credit rating
<b>Bank and custodian</b>		
- BNP Paribas Securities Services, operating through its Singapore Branch	A+	Standard & Poor's
<b>Counterparties of forward foreign exchange contracts</b>		
- HSBC Bank	A-	Standard & Poor's
- ANZ Investment bank	AA-	Standard & Poor's

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

The custodian of the Underlying Fund is Citibank Europe Plc (Luxembourg). As at 31 December 2021, Citibank Europe Plc (Luxembourg) is rated A+ based on the Long Term Issuer Default rating by Standard & Poor's.

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 DYNAMIC BOND FUND

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### NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 4 February 2021 (date of constitution) to 31 December 2021

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#### 9. 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 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 2021:

As at 31 December 2021	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
<b>Assets</b>				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted investment fund	2,029,024	-	-	2,029,024
- Financial derivatives at fair value	-	12,391	-	12,391
	<b>2,029,024</b>	<b>12,391</b>	<b>-</b>	<b>2,041,415</b>
<b>Liabilities</b>				
Financial liabilities designated at fair value through profit or loss at inception:				
- Financial derivatives at fair value	-	3,540	-	3,540

Investments in open-ended investment funds whose net asset values are struck daily, price information is published and readily available and units are subscribed and redeemable on demand at the published price, are classified within Level 1. The Fund does not adjust the quoted price for these instruments.

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

Except for cash and cash equivalents which are classified as Level 1, the Fund's assets and liabilities not measured at fair value at 31 December 2021 have been classified as Level 2. The carrying amounts of these assets and liabilities approximate their fair values as at the Statement of Financial Position date.

## NIKKO AM DYNAMIC BOND FUND

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### NOTES TO THE FINANCIAL STATEMENTS

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#### 9. Financial risk management (continued)

##### (h) Interests in unconsolidated structured entities

The Fund's investments in the Underlying Fund are subject to the terms and conditions of the respective Underlying Fund's offering documentation and are susceptible to market price risk arising from uncertainties about future values of the Underlying Fund. The Manager makes investment decisions after extensive due diligence of the Underlying Fund, its strategy and the overall quality of the Underlying Fund's manager. The Underlying Fund in the Statement of Portfolio is managed by the portfolio manager who is compensated by the respective Underlying Fund for their services. Such compensation generally consists of an asset based fee and is reflected in the valuation of the Fund's investments in each of the Underlying Fund.

The Fund has the right to request redemption of its investments in the Underlying Fund on a daily basis.

The exposure to investments in the Underlying Fund at fair value is disclosed under the Statement of Portfolio. These investments are included in "Portfolio of investments" in the Statement of Financial Position.

The Fund's holdings in the Underlying Fund, as a percentage of the Underlying Fund's total net asset value, will vary from time to time dependent on the volume of subscriptions and redemptions at the Underlying Fund's level. It is possible that the Fund may, at any point in time, hold a majority of the Underlying Fund's total units in issue.

The Fund's maximum exposure to loss from its interests in the Underlying Fund is equal to the total fair value of its investments in the Underlying Fund.

Once the Fund has disposed of its units in the Underlying Fund, the Fund ceases to be exposed to any risk from that Underlying Fund.

#### 10. Related party transactions

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

	<b>2021</b>
	<b>EUR</b>
Bank balances held with related party of the Trustee	<b>95,234</b>

## NIKKO AM DYNAMIC BOND FUND

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### NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 4 February 2021 (date of constitution) to 31 December 2021

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#### 11. Financial ratios

##### Expense ratio

2021

##### SGD Hedged Class

Total operating expenses	EUR	5,498
Average daily net asset value	EUR	903,292
<b>Total expense ratio<sup>1</sup> (annualised)</b> (including the Underlying Fund's expense ratio)	%	<b>1.45</b>
Weighted average of the Underlying Fund's unaudited expense ratio	%	<b>0.61</b>

2021

##### USD Hedged Class

Total operating expenses	EUR	1,823
Average daily net asset value	EUR	300,373
<b>Total expense ratio<sup>1</sup> (annualised)</b> (including the Underlying Fund's expense ratio)	%	<b>1.45</b>
Weighted average of the Underlying Fund's unaudited expense ratio	%	<b>0.61</b>

##### Turnover ratio

2021

Lower of total value of purchases or sales	EUR	10,000
Average daily net asset value	EUR	1,203,665
<b>Total turnover ratio<sup>2</sup></b>	%	<b>0.83</b>

<sup>1</sup> 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 period end was based on total operating expenses divided by the average net asset value for the period. 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.

<sup>2</sup> 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.

#### 12. Comparatives

The financial statements cover the financial period from 4 February 2021 (date of constitution) to 31 December 2021. These being the first set of financial statements, there are no comparative figures.

## NIKKO AM DYNAMIC BOND FUND

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

### REPORT TO UNITHOLDERS

For the financial period from 4 February 2021 (date of constitution) to 31 December 2021

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The following contains additional information relating to the Fund.

#### 1. Distribution of investments

Please refer to the Statement of Portfolio on page 14.

#### 2. Credit rating of debt securities

Nil.

#### 3. Top 10 holdings

Largest holdings at 31 December 2021

	Fair value EUR	Percentage of total net assets attributable to unitholders %
The Jupiter Global Fund - Jupiter Dynamic Bond Class I	2,029,024	94.92

#### 4. Exposure to financial derivatives

	Fair value at 31 December 2021 EUR	Percentage of total net assets attributable to unitholders 31 December 2021 %	Unrealised gains/(losses) EUR	Realised gains/(losses) EUR
Forward foreign exchange contracts	8,851	0.41	8,851	74,060

#### 5. Global exposure to financial derivatives

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

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

#### 6. Collateral

Nil

## NIKKO AM DYNAMIC BOND FUND

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### REPORT TO UNITHOLDERS

For the financial period from 4 February 2021 (date of constitution) to 31 December 2021

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**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 14.

**9. Borrowings**

Nil.

**10. Amount of units created and cancelled for the financial period ended 31 December 2021**

	EUR
Units created	2,145,217
Units cancelled	(57,651)

**11. Turnover ratio**

Please refer to Note 11 of the Notes to the Financial Statements on page 30.

**12. Expense ratio**

Please refer to Note 11 of the Notes to the Financial Statements on page 30.

**13. Related party transactions**

Please refer to Note 10 of the Notes to the Financial Statements on page 29.

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

Nil.

**15. Soft dollar commissions/arrangements**

In their management of the Fund, the Managers currently do not receive or enter into any soft dollar commissions or arrangements.

When executing orders, or placing orders with other entities for execution, that relate to financial instruments for, or on behalf of, the Underlying Fund, the Underlying Fund Investment Manager will not accept and retain any fees, commissions or monetary benefits; or accept any non-monetary benefits, where these are paid or provided by any third party. The Underlying Fund Investment Manager will return to the Underlying Fund as soon as reasonably possible after receipt any fees, commissions or any monetary benefits paid or provided by any third party or person acting on behalf of a third party in relation to the services provided to the Underlying Fund, and disclose in its annual report the fees, commissions or any monetary benefits transferred to them. However, the Underlying Fund Investment Manager may accept without disclosure minor non-monetary benefits that are capable of enhancing the quality of service provided to clients; and of a scale and nature such that they could not be judged to impair their compliance with its duty to act honestly, fairly and professionally in the best interest of clients.

## NIKKO AM DYNAMIC BOND FUND

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

### REPORT TO UNITHOLDERS

For the financial period from 4 February 2021 (date of constitution) to 31 December 2021

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The details which follow make reference to the investments within The Jupiter Global Fund - Jupiter Dynamic Bond, unless stated otherwise.

#### 1. Top 10 holdings

##### 10 largest holdings as at 31 December 2021

	Fair value EUR	Percentage of total net assets attributable to unitholders %
<b>Government of The United States of America 1.125% 15-Feb-2031</b>	<b>596,786,698</b>	<b>5.88</b>
<b>Government of Australia 4.5% 21-Apr-2033</b>	<b>396,915,707</b>	<b>3.91</b>
<b>Government of Australia 1.75% 21-Jun-2051</b>	<b>287,415,831</b>	<b>2.83</b>
<b>Government of Japan 0.005% 01-Dec-2023</b>	<b>269,197,751</b>	<b>2.65</b>
<b>Government of The United States of America 1.625% 15-Aug-2029</b>	<b>207,027,454</b>	<b>2.04</b>
<b>JPMorgan Chase Bank N.A. 3.27% 19-Nov-2030</b>	<b>191,875,243</b>	<b>1.89</b>
<b>Government of Australia 3.75% 21-Apr-2037</b>	<b>169,249,233</b>	<b>1.67</b>
<b>Government of Australia 3.25% 21-Apr-2029</b>	<b>162,721,640</b>	<b>1.60</b>
<b>Altice France Holding S.A. 8.0% 15-May-2027</b>	<b>161,253,221</b>	<b>1.59</b>
<b>JPMorgan Chase Bank N.A. 3.13% 23-Nov-2029</b>	<b>135,150,981</b>	<b>1.33</b>

#### 2. Financial ratios

	<b>2021</b>
	<b>%</b>
Expense ratio <sup>1</sup>	<b>0.64</b>
Turnover ratio	<b>51.12</b>

<sup>1</sup> The expense ratio has been computed based on the total operating expenses divided by the average net asset value for the period. 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 average net asset value is based on the daily balances.

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