

ANNUAL REPORT

For the financial year ended 31 December 2021

Nikko AM Japan Dividend Equity Fund

MANAGERS

Nikko Asset Management Asia Limited
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Company Registration No. 198202562H

DIRECTORS

Kiyotaka Ryu
Seet Oon Hui Eleanor
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TRUSTEE & REGISTRAR

BNP Paribas Trust Services Singapore Limited
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AUDITORS

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CUSTODIAN

BNP Paribas Securities Services, operating through its Singapore Branch
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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 Japan Dividend Equity Fund - SGD Hedged Class ¹	-2.10	-0.01	12.17	9.54	6.58	N/A	8.60

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.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Hedged Class ¹	-6.99	-5.01	6.56	7.68	5.49	N/A	7.94

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.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - USD Hedged Class ¹	-2.11	0.12	12.20	10.17	7.19	N/A	8.87

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.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - USD Hedged Class ¹	-7.00	-4.88	6.59	8.31	6.09	N/A	8.21

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: 1 July 2013

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Class	-5.52	-3.11	2.53	6.81	4.45	N/A	6.50

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.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Class	-10.24	-7.95	-2.59	5.00	3.39	N/A	5.56

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.

Inception date: 1 April 2016

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Hedged Class B	-1.85	0.49	13.05	N/A	N/A	N/A	8.02

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.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Hedged Class B	-6.76	-4.54	7.40	N/A	N/A	N/A	5.99

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.

Inception date: 17 April 2019

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - USD Hedged Class B	-2.03	N/A	N/A	N/A	N/A	N/A	-4.29

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.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - USD Hedged Class B	-6.93	N/A	N/A	N/A	N/A	N/A	-9.07

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: 21 September 2021

Note:

- (1) The investment objective of the Fund is to provide a total return of capital growth and income over the medium to long term by investing in equity investments listed and traded on the Tokyo Stock Exchange. The currency exposures of the "SGD Hedged Share Class" and the "USD Hedged Share Class" are hedged from the Fund's base currency – JPY to the share classes' currencies – SGD and USD respectively, to remove the currency conversion risk from the Fund's base currency to the respective share classes' currencies.
- (2) With effect from 1 June 2017, the benchmark has been removed and there will no longer be any benchmark for the Fund. This is because pursuant to the investment objective of the Fund, the Fund is managed on a total return basis and as such, it does not seek to outperform any benchmark. Prior to 1 June 2017, the benchmark against which the Fund's performance is measured is the TOPIX Total Return Index.

Portfolio Review and Activity

Fund rose in 2021

The Nikko AM Japan Dividend Equity Fund (SGD Hedged Class) (the "Fund") returned 12.17% (in SGD terms, on a NAV-NAV basis) in the year to 31 December 2021 and has returned 8.60% (annualised) since its inception on 1 July 2013. With the exception of a dip in April due to a spike in COVID-19 cases, Japanese equities continued on an uptrend during the first half of the year backed by expectations for normalisation of the economy. The latter half of the year was more mixed due to concerns regarding the Omicron variant and global inflation. However, many firms had released conservative earnings estimates for the fiscal year by factoring in the negative impact of the pandemic, but later raised dividends as actual earnings progress exceeded these estimates, acting as a tailwind for our strategy.

Stocks that made large positive contributions during the period were primarily names announcing positive earnings results, including electronics maker Hitachi, automotive components manufacturer Denso, glassmaker AGC, and automaker Toyota Motor. Convenience store operator Seven & i Holdings also added to performance as its share price rose on news of its acquisition of a US company.

In contrast, stocks that contributed negatively were primarily those whose earnings momentum was thought to be relatively weak, such as home electronics retailer K's Holdings, telecommunications infrastructure and engineering company Exeo Group, comprehensive chemicals manufacturer Mitsui Chemicals, and LPG company Nippon Gas. Beverage maker Kirin Holdings also detracted from performance as it declined on concerns over the business impact of the situation in Myanmar.

We maintained the portfolio's stock weighting during the year at around 97–99%. As of the end of December 2021, the portfolio consisted of 53 issues.

Market Review

Japanese equity market rose in JPY terms in 2021 despite market volatilities throughout the year

The market started off 2021 strong, as investors continued to harbour growing expectations for a normalisation of the economy as COVID-19 vaccination efforts gathered pace in the US. However, by mid-year, Japanese equities were more mixed as the country's vaccination roll-out was slower than expected and ultimately, metropolitan areas of the country would remain under a state of emergency until the end of September. Stocks rallied following the ruling party's election victory at the end of October based on expectations for new economic stimulus measures, although the emergence of the Omicron variant tempered this rise. As a result, the TOPIX (including dividends) ended the year up 12.74% while the Nikkei 225 (including dividends) rose 6.66% in JPY terms.

Overall, in terms of sector performance, 27 of 33 TOPIX sectors rose during the period, with sectors such as Marine Transportation, Mining, and Rubber Products posting the highest gains. In contrast, 6 sectors declined, including Pharmaceuticals, Electric Power & Gas, and Land Transportation.

Market Outlook

Japanese market likely to continue its uptrend in the medium term

Japanese equities have remained resilient amid expectations for a global economic recovery and as vaccination efforts in Japan begin to gather pace. In the short term, it is possible that we may see periods of volatility in the equity market spurred by new COVID-19 cases as well as changes in US monetary policy and long-term interest rates. However, Japanese corporate earnings are improving on a recovery of the economy and cost restructuring measures, and the faster pace of Japan's vaccination rollout makes a recovery in domestic demand more likely as well. These positives are likely to push the market's upside gradually higher. In addition, the Japanese government has laid out its growth strategy focused on promoting further digitisation and decarbonisation in Japan and Japanese companies are transforming their operations through structural reforms to improve efficiency. We believe these factors will support a continued uptrend in Japanese equities in the medium term.

Investment Strategy

Portfolio is characterised by low volatility and low correlation relative to the market

In principle, we manage the portfolio based on an investment policy of making highly selective investments in companies with future dividend growth potential from among those whose

projected dividend yield is higher than the market average. In making stock selections, we focus on bottom-up research, thoroughly scrutinising each company's corporate competitiveness, cash flow generation capacity, financial stability and stance on shareholder returns. We therefore carefully select firms that are able to continually grow their dividends and invest from a medium- to long-term perspective. Since many of the holdings are in stable growth stocks with strong earnings power and sound financials, the portfolio is characterised by low volatility and low correlation with the market. Currently, many of the portfolio's holdings are in IT service providers, telecommunications firms, specialised trading companies, retail, electronic materials, construction and construction materials.

Focus on names with ample cash reserves and strong earnings momentum

Following the introduction of Japan's Corporate Governance Code, the number of Japanese firms that are selling off unprofitable businesses or strategic shareholdings and putting their excess cash to use through dividend increases and share buybacks is growing as companies increasingly turn their focus to improving return on equity. In terms of the outlook for corporate earnings in FY21, we expect to see an increasing number of companies upwardly revise their fiscal year guidance according to their earnings progress given the fact that many firms have issued conservative estimates by factoring in the negative impact of COVID-19. In light of this, more companies are likely to raise dividends going forward and we expect to see a good number of opportunities to invest in names that, in addition to providing stable dividend income, can offer capital gains as dividend hikes drive up their share prices.

In terms of stock selection, we will seek out names with ample cash reserves and/or strong earnings momentum that balance investment in future growth with providing returns to shareholders. In particular, we will focus on those names from which sustained dividend growth can be expected, paying close attention to firms where there are indications that management (via medium-term business plans or other directives) is changing its stance on shareholder returns, such as placing greater emphasis on paying stable dividends. We will focus on primarily domestic demand-driven firms including IT services firms, network construction firms, and outsourcing companies that offer solutions to address the ongoing labour shortage and shift to remote work; construction and building materials firms which are expected to enjoy favourable business conditions given the high number of urban redevelopment and infrastructure development projects; and specialty retailers expected to see earnings growth driven by industry restructuring. Although the rise in COVID-19 cases in Japan is cause for concern, we believe the economy will gradually normalise as vaccine boosters are rolled out and effective oral medications are made available. This will lead to improved corporate earnings which in turn will increase the likelihood of further dividend hikes. With respect to exporters, we are only holding companies in areas where Japanese businesses have a strong advantage, such as electronic materials-related names that are highly competitive in niche segments as well as companies that are well positioned to benefit from the shift to electric vehicles. As the market undergoes a correction, we see more names with high growth potential that offer increasingly attractive dividend yields. As such, we will select stocks focusing on their growth potential. We will also look at names that are likely to increase dividends in the future and proactively invest in high quality stocks that have lagged the market relative to their fundamentals. In this way, we will position our portfolio to achieve steady returns as investors factor in improving corporate earnings results and dividend hikes.

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) before deciding whether to invest in the Fund.

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The Central Provident Fund (“CPF”) Ordinary Account (“OA”) interest rate is the legislated minimum 2.5% per annum, or the 3-month average of major local banks’ interest rates, whichever is higher, reviewed quarterly. The interest rate for Special Account (“SA”) is currently 4% per annum or the 12-month average yield of 10-year Singapore Government Securities plus 1%, whichever is higher, reviewed quarterly. Only monies in excess of \$20,000 in OA and \$40,000 in SA can be invested under the CPF Investment Scheme (“CPFIS”). Please refer to the website of the CPF Board for further information. Investors should note that the applicable interest rates for the CPF accounts and the terms of CPFIS may be varied by the CPF Board from time to time.

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 JAPAN DIVIDEND EQUITY FUND

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

REPORT OF THE TRUSTEE

For the financial year ended 31 December 2021

The Trustee is under a duty to take into custody and hold the assets of Nikko AM Japan Dividend Equity 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 year covered by these financial statements, set out on pages 13 to 39, 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 2022

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

STATEMENT BY THE MANAGER

For the financial year ended 31 December 2021

In the opinion of Nikko Asset Management Asia Limited, the accompanying financial statements set out on pages 13 to 39, 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 Japan Dividend Equity Fund (the "Fund") as at 31 December 2021, and the financial performance and movements in unitholders' funds for the year then ended 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

Authorised signatory
29 March 2022

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

Our Opinion

In our opinion, the accompanying financial statements of Nikko AM Japan Dividend Equity 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 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 2021;
- the Statement of Financial Position as at 31 December 2021;
- the Statement of Movements of Unitholders' Funds for the financial year ended 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 JAPAN DIVIDEND EQUITY 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 JAPAN DIVIDEND EQUITY 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 JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial year ended 31 December 2021*

	Note	2021 JPY'000	2020 JPY'000
Income			
Dividends		423,132	306,654
Interest on cash and cash equivalents		-	342
		<u>423,132</u>	<u>306,996</u>
Less: Expenses			
Management fee		207,220	138,674
Registrar fee		7,493	8,620
Trustee fee		4,449	2,867
Custody fee		1,507	591
Audit fee		1,251	1,033
Valuation fee		5,932	3,823
Transaction costs		23,387	23,585
Other expenses		8,442	(795)
		<u>259,681</u>	<u>178,398</u>
Net income		<u>163,451</u>	<u>128,598</u>
Net gains or losses on value of investments and financial derivatives			
Net gains/(losses) on investments		1,326,564	(408,748)
Net foreign exchange gains/(losses)		38,412	(17,184)
Net gains/(losses) on financial derivatives		1,183,674	(276,691)
		<u>2,548,650</u>	<u>(702,623)</u>
Total return/(deficit) for the financial year before income tax		<u>2,712,101</u>	<u>(574,025)</u>
Less: Income tax	3	<u>(64,803)</u>	<u>(46,964)</u>
Total return/(deficit) for the financial year after income tax		<u>2,647,298</u>	<u>(620,989)</u>

The accompanying notes form an integral part of these financial statements

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

	Note	2021 JPY'000	2020 JPY'000
ASSETS			
Portfolio of investments		15,922,890	10,985,963
Sales awaiting settlement		6,022	12,123
Receivables	4	56,477	113,287
Cash and cash equivalents		708,130	592,141
Financial derivatives at fair value	6	255,890	64,437
Total assets		16,949,409	11,767,951
LIABILITIES			
Payables	5	85,540	125,681
Purchases awaiting settlement		21,164	73,949
Distributions payable	8	68,756	46,915
Financial derivatives at fair value	6	-	170
Total liabilities		175,460	246,715
EQUITY			
Net assets attributable to unitholders	7	16,773,949	11,521,236

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY 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 2021*

	Note	2021 JPY'000	2020 JPY'000
Net assets attributable to unitholders at the beginning of the financial year		11,521,236	11,224,115
Operations			
Change in net assets attributable to unitholders resulting from operations		2,647,298	(620,989)
Unitholders' contributions/(withdrawals)			
Creation of units		7,898,655	5,976,029
Cancellation of units		(4,544,051)	(4,409,357)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		3,354,604	1,566,672
Distributions	8	(749,189)	(648,562)
Total increases in net assets attributable to unitholders		5,252,713	297,121
Net assets attributable to unitholders at the end of the financial year	7	16,773,949	11,521,236

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2021*

By Industry (Primary)	Holdings at 31 December 2021	Fair value at 31 December 2021 JPY'000	Percentage of total net assets attributable to unitholders at 31 December 2021 %
Quoted Equities			
ADVERTISING			
Relia Incorporated	19,400	18,915	0.11
Total ADVERTISING		18,915	0.11
AUTO MANUFACTURERS			
Honda Motor Company Limited	87,000	281,010	1.67
Toyota Motor Corporation	196,400	413,520	2.47
Total AUTO MANUFACTURERS		694,530	4.14
AUTO PARTS & EQUIPMENT			
Denso Corporation	35,100	334,468	1.99
Toyo Tire Corporation	158,400	284,170	1.70
Total AUTO PARTS & EQUIPMENT		618,638	3.69
BANKS			
Resona Holdings Incorporated	875,400	391,654	2.34
Sumitomo Mitsui Financial Group Incorporated	101,800	401,397	2.39
Total BANKS		793,051	4.73
BUILDING MATERIALS			
AGC Incorporated	42,600	233,874	1.39
Nichias Corporation	129,000	357,846	2.14
Sanwa Holdings Corporation	233,900	286,995	1.71
Total BUILDING MATERIALS		878,715	5.24
CHEMICALS			
AICA Kogyo Company Limited	82,200	273,315	1.63
Air Water Incorporated	211,300	375,269	2.24
Lintec Corporation	70,600	186,031	1.11
Mitsui Chemicals Incorporated	88,300	272,847	1.63
Total CHEMICALS		1,107,462	6.61
COMMERCIAL SERVICES			
Dai Nippon Printing Company Limited	119,400	345,424	2.06
Total COMMERCIAL SERVICES		345,424	2.06
COMPUTERS			
NEC Networks & System Integration Corporation	151,800	273,999	1.63
Nihon Unisys Limited	115,000	371,450	2.22
Otsuka Corporation	72,400	397,476	2.37
Total COMPUTERS		1,042,925	6.22
COSMETICS/PERSONAL CARE			
Kao Corporation	51,100	307,571	1.83
Total COSMETICS/PERSONAL CARE		307,571	1.83
DISTRIBUTION/WHOLESALE			
Itochu Corporation	102,200	359,540	2.14
Kanematsu Corporation	169,200	216,745	1.29
Mitsui & Company Limited	150,600	410,159	2.45
Nippon Gas Company Limited	203,800	310,795	1.85
Total DISTRIBUTION/WHOLESALE		1,297,239	7.73

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2021*

By Industry (Primary) (continued)	Holdings at 31 December 2021	Fair value at 31 December 2021 JPY'000	Percentage of total net assets attributable to unitholders at 31 December 2021 %
Quoted Equities (continued)			
DIVERSIFIED FINANCIAL SERVICES			
ORIX Corporation	117,000	274,658	1.64
Zenkoku Hosho Company Limited	74,500	373,245	2.23
Total DIVERSIFIED FINANCIAL SERVICES		647,903	3.87
ELECTRONICS			
Inaba Denki Sangyo Company Limited	101,300	273,713	1.63
Kyocera Corporation	44,000	316,228	1.89
Macnica Fuji Electronics Holdings Incorporated	90,300	248,506	1.48
Star Micronics Company Limited	130,000	201,370	1.20
Taiyo Holdings Company Limited	87,000	302,760	1.80
Total ELECTRONICS		1,342,577	8.00
ENGINEERING AND CONSTRUCTION			
Exeo Group Incorporated	150,000	363,600	2.17
Kumagai Gumi Company Limited	111,000	318,681	1.90
Takasago Thermal Engineering Company Limited	31,100	58,966	0.35
Total ENGINEERING AND CONSTRUCTION		741,247	4.42
FOOD			
Seven & I Holdings Company Limited	63,400	320,550	1.91
Total FOOD		320,550	1.91
HAND/MACHINE TOOLS			
Amada Company Limited	300,400	342,156	2.04
Total HAND/MACHINE TOOLS		342,156	2.04
HOME BUILDERS			
Daiwa House Industry Company Limited	117,800	389,682	2.32
Total HOME BUILDERS		389,682	2.32
INSURANCE			
Tokio Marine Holdings Incorporated	50,300	321,518	1.92
Total INSURANCE		321,518	1.92
INTERNET			
Arteria Networks Corporation	161,400	249,363	1.49
Trend Micro Incorporation	30,200	192,978	1.15
Total INTERNET		442,341	2.64
MACHINERY-CONSTRUCTION & MINING			
Hitachi Limited	53,600	333,928	1.99
Total MACHINERY-CONSTRUCTION & MINING		333,928	1.99
MISCELLANEOUS MANUFACTURE			
Amano Corporation	77,600	205,407	1.22
Total MISCELLANEOUS MANUFACTURE		205,407	1.22
OFFICE/BUSINESS EQUIPMENT			
Sato Holdings Corporation	112,900	248,493	1.48
Total OFFICE/BUSINESS EQUIPMENT		248,493	1.48

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2021***By Industry (Primary) (continued)**

	Holdings at 31 December 2021	Fair value at 31 December 2021 JPY'000	Percentage of total net assets attributable to unitholders at 31 December 2021 %
Quoted Equities (continued)			
PACKAGING & CONTAINERS			
Rengo Company Limited	373,200	324,684	1.94
Total PACKAGING & CONTAINERS		324,684	1.94
PHARMACEUTICALS			
Astellas Pharma Incorporated	209,400	391,683	2.34
Ono Pharmaceutical Company Limited	96,600	275,890	1.64
Total PHARMACEUTICALS		667,573	3.98
REAL ESTATE			
Nomura Real Estate Holdings Incorporated	132,400	350,463	2.09
Total REAL ESTATE		350,463	2.09
RETAIL			
ABC-Mart Incorporated	63,000	310,590	1.85
DCM Holdings Company Limited	244,000	259,860	1.55
K's Holdings Corporation	327,200	365,810	2.18
Total RETAIL		936,260	5.58
TELECOMMUNICATIONS			
KDDI Corporation	90,500	304,261	1.81
Nippon Telegraph & Telephone Corporation	121,900	383,985	2.29
Total TELECOMMUNICATIONS		688,246	4.10
TRANSPORTATION			
Senko Group Holdings Company Limited	349,800	324,265	1.93
Total TRANSPORTATION		324,265	1.93
Total Quoted Equities		15,731,763	93.79
Quoted Real Estate Investment Trusts			
REAL ESTATE INVESTMENT TRUSTS (REITS)			
ORIXJ REIT Incorporated	1,063	191,127	1.14
Total REAL ESTATE INVESTMENT TRUSTS (REITS)		191,127	1.14
Total Quoted Real Estate Investment Trusts		191,127	1.14
Portfolio of investments		15,922,890	94.93
Other net assets		851,059	5.07
Net assets attributable to unitholders		16,773,949	100.00

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

STATEMENT OF PORTFOLIO

As at 31 December 2021

By Industry (Summary)	Percentage of total net assets attributable to unitholders at 31 December 2021 %	Percentage of total net assets attributable to unitholders at 31 December 2020 %
Advertising	0.11	1.84
Auto Manufacturers	4.14	2.55
Auto Parts & Equipment	3.69	2.47
Banks	4.73	5.68
Beverages	-	1.45
Building Materials	5.24	4.14
Chemicals	6.61	6.11
Commercial Services	2.06	-
Computers	6.22	2.05
Cosmetics/Personal Care	1.83	-
Distribution/Wholesale	7.73	6.14
Diversified Financial Services	3.87	2.54
Electronics	8.00	8.52
Engineering and Construction	4.42	6.85
Food	1.91	1.74
Hand/Machine Tools	2.04	1.21
Home Builders	2.32	2.39
Insurance	1.92	2.34
Internet	2.64	4.33
Machinery-Construction & Mining	1.99	2.14
Miscellaneous Manufacture	1.22	0.88
Office/Business Equipment	1.48	2.33
Packaging & Containers	1.94	2.13
Pharmaceuticals	3.98	2.43
Real Estate	2.09	1.93
Real Estate Investment Trusts (REITS)	1.14	4.17
Retail	5.58	8.66
Telecommunications	4.10	4.58
Transportation	1.93	3.75
Portfolio of investments	94.93	95.35
Other net assets	5.07	4.65
Net assets attributable to unitholders	100.00	100.00

As the Fund invests wholly into Japanese equities, it is not meaningful to classify the investments into geography.

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

1. General

Nikko AM Japan Dividend Equity Fund (the "Fund") is a Singapore domiciled fund constituted under a Trust Deed dated 21 May 2013 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 Co., Ltd., domiciled in Japan.

There are currently eleven classes of units established within the Fund, namely the United States Dollar ("USD" or "US\$") Class (denominated in USD), the USD (Acc) Class (denominated in USD), the USD Hedged Class (denominated in USD), the USD Hedged Class B (denominated in USD), the USD Hedged (Acc) Class (denominated in USD), the Singapore Dollar ("SGD" or "S\$") Class (denominated in SGD), the SGD Hedged (Acc) Class (denominated in SGD), the SGD Class B (denominated in SGD), the SGD Hedged Class (denominated in SGD), the SGD Hedged Class B (denominated in SGD) and the Renminbi ("RMB") Class (denominated in RMB).

For the USD Hedged Class, the USD Hedged Class B and the USD Hedged (Acc) Class, the Manager intends to hedge the currency exposure of the assets of the Fund attributable to the USD Hedged Class, the USD Hedged Class B and to the USD Hedged (Acc) Class respectively, into USD through the use of currency forwards. The hedging of the currency will be conducted on a monthly basis. The net asset value ("NAV") per unit of each of the USD Hedged Class, the USD Hedged Class B and the USD Hedged (Acc) Class will take into account any gains or losses arising from the use of the currency forwards in respect of the USD Hedged Class, the USD Hedged Class B and the USD Hedged (Acc) Class respectively.

For the SGD Hedged (Acc) Class, SGD Hedged Class and the SGD Hedged Class B, the Manager intends to hedge the currency exposure of the assets of the Fund attributable to the SGD Hedged (Acc) Class, SGD Hedged Class and the SGD Hedged Class B respectively into SGD through the use of currency forwards. The hedging of the currency will be conducted on a monthly basis. The NAV per unit of each of the SGD Hedged (Acc) Class, SGD Hedged Class and the SGD Hedged Class B will take into account any gains or losses arising from the use of the currency forwards in respect of the SGD Hedged (Acc) Class, SGD Hedged Class and the SGD Hedged Class B respectively.

The USD Class, the USD Hedged Class, the USD Hedged Class B, the SGD Class, the SGD Hedged Class, the SGD Class B, the SGD Hedged Class B and the RMB Class each intends to make distributions to unitholders. However, the USD (Acc) Class, the USD Hedged (Acc) Class and the SGD Hedged (Acc) Class will each not make any distributions to the unitholders of the relevant class. The dividend and/or interest income and/or capital gains derived from the investments of the Fund that are attributable to each of these classes will be accumulated as part of the assets of the Fund that are attributable to the relevant class instead.

There are no material differences between the Classes of units save for (i) the currency of denomination of each Class; (ii) the hedging features of the USD Hedged Class, the USD Hedged Class B, the USD Hedged (Acc) Class, the SGD Hedged (Acc) Class, the SGD Hedged Class and the SGD Hedged Class B; (iii) the annual management fee payable by each Class; (iv) the distribution policies applicable to the classes as described above and (v) the minimum initial and subsequent investment amounts and the minimum holding for the classes.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

1. General (continued)

As of 31 December 2021 and 2020, units in the SGD Hedged Class, USD Hedged Class, SGD Class and SGD Hedged Class B have been issued. During the financial year ended 31 December 2021, units in USD Hedged Class B were also 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.

The adoption of the revised RAP 7 did not result in substantial changes to the accounting policies of the Fund and had no material effect on the amounts reported for the current or prior 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 is included in the Statement of Total Return in the year in which they arise.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

(d) 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-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.

(g) 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.

(h) Payables

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

(i) Cash and cash equivalents

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

(j) 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 United States Dollar ("USD") and Singapore Dollar ("SGD").

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

(j) Foreign currency translation (continued)

(i) *Functional and presentation currency* (continued)

The performance of the Fund is measured and reported to the investors in Japanese Yen (“JPY”). The Manager considers the Japanese Yen as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are expressed in Japanese Yen, which is the Fund’s functional and presentation currency.

(ii) *Transactions and balances*

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

(k) 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.

(l) 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 Deeds.

Financial derivatives outstanding at the end of the financial year 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 JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. Income tax

The Manager and Trustee of the Fund have assessed and are satisfied that the Fund has met the requisite conditions under the Designated Unit Trust (DUT) scheme for the current financial year. The Manager and Trustee of the Fund will ensure that the Fund fulfills its reporting obligations under the DUT Scheme.

Under the DUT Scheme, certain income of the DUT fund is not taxable in accordance to Sections 35(12) and 35(12A) of the Income Tax Act 1947. 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 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 fees, 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 31 December 2021 and 2020 comprises:

	2021 JPY'000	2020 JPY'000
Overseas income tax	<u>64,803</u>	<u>46,964</u>

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

4. Receivables

	2021 JPY'000	2020 JPY'000
Receivable from unitholders for creation of units	34,768	97,147
Dividends receivable	<u>21,709</u>	<u>16,140</u>
	<u>56,477</u>	<u>113,287</u>

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

5. Payables

	2021 JPY'000	2020 JPY'000
Payable to unitholders for cancellation of units	19,697	81,057
Amount due to the Manager	60,865	41,053
Amount due to the Trustee	1,306	855
Valuation fee payable	1,741	1,139
Registrar fee payable	57	52
Provision for audit fee	1,234	1,096
Custody fee payable	640	429
	85,540	125,681

Amount due to the Manager comprises management fee 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, 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 JPY'000	2020 JPY'000	2021 JPY'000	2020 JPY'000	2021 JPY'000	2020 JPY'000
Forward foreign exchange contracts	13,884,782	9,823,430	255,890	64,437	-	170

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.

Financial assets and financial liabilities which are subject to enforceable master netting agreements or similar agreements for the year ended 31 December 2021 and 2020 are detailed in the following table.

NIKKO AM JAPAN DIVIDEND EQUITY FUND
(Constituted under a Trust Deed registered in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

6. Financial derivatives (continued)

(i) Offsetting financial assets

	Gross amounts of recognised financial assets JPY'000	Gross amounts of recognised financial assets set-off in the Statement of Financial Position JPY'000	Net amounts of financial liabilities presented in the Statement of Financial Position JPY'000	Related accounts not set-off in the Statement of Financial Position		
				Financial instruments JPY'000	Cash collateral JPY'000	Net exposure JPY'000
2021						
Forward foreign exchange contracts	34,919	-	34,919	-	-	34,919

	Gross amounts of recognised financial assets JPY'000	Gross amounts of recognised financial assets set-off in the Statement of Financial Position JPY'000	Net amounts of financial liabilities presented in the Statement of Financial Position JPY'000	Related accounts not set-off in the Statement of Financial Position		
				Financial instruments JPY'000	Cash collateral JPY'000	Net exposure JPY'000
2020						
Forward foreign exchange contracts	-	-	-	-	-	-

(ii) Offsetting financial liabilities

	Gross amounts of recognised financial liabilities JPY'000	Gross amounts of recognised financial assets set-off in the Statement of Financial Position JPY'000	Net amounts of financial liabilities presented in the Statement of Financial Position JPY'000	Related accounts not set-off in the Statement of Financial Position		
				Financial instruments JPY'000	Cash collateral JPY'000	Net exposure JPY'000
2021						
Forward foreign exchange contracts	-	-	-	-	-	-

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2021***6. Financial derivatives (continued)****(ii) Offsetting financial liabilities (continued)**

2020	Gross amounts of recognised financial liabilities JPY'000	Gross amounts of recognised financial assets set-off in the Statement of Financial Position JPY'000	Net amounts of financial liabilities presented in the Statement of Financial Position JPY'000	Related accounts not set-off in the Statement of Financial Position		
				Financial instruments JPY'000	Cash collateral JPY'000	Net exposure JPY'000
Forward foreign exchange contracts	170	-	170	-	-	170

7. Units in issue

During the year ended 31 December 2021 and 2020, the number of units issued, redeemed and outstanding were as follows:

<u>SGD Hedged Class</u>	2021 '000	2020 '000
Units at beginning of the financial year	76,809	66,369
Units created	25,215	35,619
Units cancelled	(29,138)	(25,179)
Units at end of the financial year	72,886	76,809
Net assets attributable to unitholders - JPY'000	7,661,226	6,923,435
Net asset value per unit - JPY	105.112	90.138
<u>USD Hedged Class</u>	2021 '000	2020 '000
Units at beginning of the financial year	16,982	17,346
Units created	14,844	9,086
Units cancelled	(4,094)	(9,450)
Units at end of the financial year	27,732	16,982
Net assets attributable to unitholders - JPY'000	4,013,718	2,065,880
Net asset value per unit - JPY	144.732	121.651

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2021***7. Units in issue (continued)**

<u>SGD Class</u>	2021	2020
	'000	'000
Units at beginning of the financial year	19,937	13,725
Units created	20,327	16,207
Units cancelled	(8,921)	(9,995)
Units at end of the financial year	31,343	19,937
Net assets attributable to unitholders - JPY'000	2,760,636	1,651,819
Net asset value per unit - JPY	88.078	82.852
<u>SGD Hedged Class B</u>	2021	2020
	'000	'000
Units at beginning of the financial year	11,457	7,382
Units created	16,727	6,359
Units cancelled	(2,579)	(2,284)
Units at end of the financial year	25,605	11,457
Net assets attributable to unitholders - JPY'000	2,311,145	880,102
Net asset value per unit - JPY	90.261	76.818
<u>USD Hedged Class B</u>	2021	2020
	'000	'000
Units at beginning of the financial year	-	-
Units created	250	-
Units cancelled	-	-
Units at end of the financial year	250	-
Net assets attributable to unitholders - JPY'000	27,224	-
Net asset value per unit - JPY	108.896	-

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:

<u>SGD Hedged Class</u>	2021	2020
	JPY	JPY
Net assets attributable to unitholders per financial statements per unit	105.112	90.138
Effects of distribution per unit	0.429	0.367
Effect for movement in the net assets value between the last dealing date and the end of the reporting period [^]	(0.318)	(0.066)
Net assets attributable to unitholders for issuing/redeeming per unit	105.223	90.439

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2021***7. Units in issue (continued)**

<u>USD Hedged Class</u>	2021 JPY	2020 JPY
Net assets attributable to unitholders per financial statements per unit	144.732	121.651
Effects of distribution per unit	0.592	0.495
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	(0.004)	(0.012)
Net assets attributable to unitholders for issuing/redeeming per unit	145.320	122.134
<u>SGD Class</u>	2021 JPY	2020 JPY
Net assets attributable to unitholders per financial statements per unit	88.078	82.852
Effects of distribution per unit	0.369	0.336
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	(0.001)	0.004
Net assets attributable to unitholders for issuing/redeeming per unit	88.446	83.192
<u>SGD Hedged Class B</u>	2021 JPY	2020 JPY
Net assets attributable to unitholders per financial statements per unit	90.261	76.818
Effects of distribution per unit	0.369	0.313
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	(0.276)	(0.055)
Net assets attributable to unitholders for issuing/redeeming per unit	90.354	77.076
<u>USD Hedged Class B</u>	2021 JPY	2020 JPY
Net assets attributable to unitholders per financial statements per unit	108.896	-
Effects of distribution per unit	0.441	-
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	(0.005)	-
Net assets attributable to unitholders for issuing/redeeming per unit	109.332	-

^ 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 reporting period due to accrual of operating expenses.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

8. Distributions

	2021 JPY'000	2020 JPY'000
January interim distribution of US\$0.50 (USD Hedged Class), S\$0.49 (SGD Hedged Class), S\$0.45 (SGD Class) & S\$0.42 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2021	51,755	-
February interim distribution of US\$0.52 (USD Hedged Class), S\$0.51 (SGD Hedged Class), S\$0.46 (SGD Class) & S\$0.44 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2021	55,768	-
March interim distribution of US\$0.54 (USD Hedged Class), S\$0.53 (SGD Hedged Class), S\$0.47 (SGD Class) & S\$0.45 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2021	57,824	-
April interim distribution of US\$0.54 (USD Hedged Class), S\$0.53 (SGD Hedged Class), S\$0.47 (SGD Class) & S\$0.45 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2021	59,077	-
May interim distribution of US\$0.53 (USD Hedged Class), S\$0.52 (SGD Hedged Class), S\$0.45 (SGD Class) & S\$0.44 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2021	59,652	-
June interim distribution of US\$0.54 (USD Hedged Class), S\$0.53 (SGD Hedged Class), S\$0.46 (SGD Class) & S\$0.45 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2021	61,385	-
July interim distribution of US\$0.54 (USD Hedged Class), S\$0.53 (SGD Hedged Class), S\$0.47 (SGD Class) & S\$0.45 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2021	63,409	-
August interim distribution of US\$0.54 (USD Hedged Class), S\$0.52 (SGD Hedged Class), S\$0.46 (SGD Class) & S\$0.45 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2021	63,932	-
September interim distribution of US\$0.56 (USD Hedged Class), S\$0.55 (SGD Hedged Class), S\$0.48 (SGD Class) & S\$0.47 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2021	70,028	-
October interim distribution of US\$0.54 (USD Hedged Class), S\$0.53 (SGD Hedged Class), S\$0.45 (SGD Class), S\$0.45 (SGD Hedged Class B) & US\$0.41 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2021	68,276	-
November interim distribution of US\$0.54 (USD Hedged Class), S\$0.53 (SGD Hedged Class), S\$0.45 (SGD Class), S\$0.45 (SGD Hedged Class B) & US\$0.40 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2021	69,327	-
December final distribution of US\$0.51 (USD Hedged Class), S\$0.50 (SGD Hedged Class), S\$0.43 (SGD Class), S\$0.43 (SGD Hedged Class B) & US\$0.38 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2021	68,756	-

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

8. Distributions (continued)

January interim distribution of US\$0.76 (USD Hedged Class), S\$0.75 (SGD Hedged Class), S\$0.66 (SGD Class) & S\$0.63 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2020	-	64,248
February interim distribution of US\$0.74 (USD Hedged Class), S\$0.73 (SGD Hedged Class), S\$0.67 (SGD Class) & S\$0.62 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2020	-	55,467
March interim distribution of US\$0.56 (USD Hedged Class), S\$0.55 (SGD Hedged Class), S\$0.52 (SGD Class) & S\$0.46 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2020	-	43,340
April interim distribution of US\$0.61 (USD Hedged Class), S\$0.60 (SGD Hedged Class), S\$0.57 (SGD Class) & S\$0.51 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2020	-	48,067
May interim distribution of US\$0.63 (USD Hedged Class), S\$0.61 (SGD Hedged Class), S\$0.59 (SGD Class) & S\$0.52 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2020	-	50,558
June interim distribution of US\$0.64 (USD Hedged Class), S\$0.63 (SGD Hedged Class), S\$0.59 (SGD Class) & S\$0.53 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2020	-	51,821
July interim distribution of US\$0.66 (USD Hedged Class), S\$0.64 (SGD Hedged Class), S\$0.60 (SGD Class) & S\$0.55 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2020	-	53,460
August interim distribution of US\$0.66 (USD Hedged Class), S\$0.65 (SGD Hedged Class), S\$0.60 (SGD Class) & S\$0.55 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2020	-	54,944
September interim distribution of US\$0.67 (USD Hedged Class), S\$0.65 (SGD Hedged Class), S\$0.61 (SGD Class) & S\$0.56 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2020	-	57,421
October interim distribution of US\$0.67 (USD Hedged Class), S\$0.65 (SGD Hedged Class), S\$0.61 (SGD Class) & S\$0.56 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2020	-	59,537
November interim distribution of US\$0.67 (USD Hedged Class), S\$0.66 (SGD Hedged Class), S\$0.61 (SGD Class) & S\$0.56 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2020	-	62,784
December final distribution of US\$0.48 (USD Hedged Class), S\$0.47 (SGD Hedged Class), S\$0.43 (SGD Class) & S\$0.40 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2020	-	46,915
	749,189	648,562

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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 primary objective is to provide a total return of capital growth and income over the medium to long-term by investing in equities listed and traded on the Tokyo Stock Exchange.

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 managed on a total return basis and as such, it does not seek to outperform any benchmark. The Fund's market price risk is managed through diversification of the investment portfolio across various industries in Japan. The Manager has assessed that the TOPIX Net Return Index (the "Index") will provide a suitable analysis of reasonable possible shifts of the fair value of the Fund's investments.

As at 31 December 2021, an increase/decrease of the index component within the Index by 17% (2020: 18%), with all other variables remaining constant, the net assets attributable to unitholders for the year would increase/decrease by approximately 15% (2020: 15%). 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.

(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).

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

9. Financial risk management (continued)

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

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.

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

As at 31 December 2021	SGD JPY'000	JPY JPY'000	USD JPY'000	Total JPY'000
Assets				
Portfolio of investments	-	15,922,890	-	15,922,890
Sales awaiting settlement	-	6,022	-	6,022
Receivables	34,168	21,709	600	56,477
Cash and cash equivalents	358,022	204,721	145,387	708,130
Total assets	392,190	16,155,342	145,987	16,693,519
Liabilities				
Payables	82,896	-	2,644	85,540
Purchases awaiting settlement	-	21,164	-	21,164
Distributions payable	52,222	-	16,534	68,756
Total liabilities	135,118	21,164	19,178	175,460
Net off-balance sheet derivative financial instruments	9,882,253	(13,625,362)	3,998,999	
Net currency exposure	10,139,325	2,508,816	4,125,808	

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2021***9. Financial risk management (continued)****(c) Market risk - Currency risk (continued)**

As at 31 December 2020	SGD JPY'000	JPY JPY'000	USD JPY'000	Total JPY'000
Assets				
Portfolio of investments	-	10,985,963	-	10,985,963
Sales awaiting settlement	-	12,123	-	12,123
Receivables	84,271	16,140	12,876	113,287
Cash and cash equivalents	299,074	217,600	75,467	592,141
Total assets	383,345	11,231,826	88,343	11,703,514
Liabilities				
Payables	79,664	44,625	1,392	125,681
Purchases awaiting settlement	-	73,949	-	73,949
Distributions payable	38,509	-	8,406	46,915
Total liabilities	118,173	118,574	9,798	246,545
Net off-balance sheet derivative financial instruments	7,771,630	(9,755,889)	2,048,526	
Net currency exposure	8,036,802	1,357,363	2,127,071	

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

9. 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.

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 (%)		Increase/decrease in net asset attributable to unitholders (%)	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
SGD	6	7	4	5
USD	7	7	2	1

(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 securities are considered readily realisable, as the majority of the securities are listed on recognised stock exchanges.

The Fund's financial liabilities are analysed using contractual undiscounted cash flows for maturity groupings based on the remaining year at the Statement of Financial Position date to the contractual maturity date. As at 31 December 2021 and 2020, 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 JPY'000	As at 31 December 2020 JPY'000
Payables	85,540	125,681
Purchases awaiting settlement	21,164	73,949
Distributions payable	68,756	46,915
Contractual cash outflows (excluding gross settled derivatives)	175,460	246,545

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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.

	Less than 3 months	
	As at	As at
	31 December	31 December
	2021	2020
	JPY'000	JPY'000
Currency forwards		
- Outflow	-	(2,048,696)
- Inflow	-	2,048,526
Net outflow	-	(170)

(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 and 2020, 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.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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 and 2020.

	Credit rating as at 31 December 2021	Credit rating as at 31 December 2020	Source of credit rating
Bank and custodian			
- BNP Paribas Securities Services, operating through its Singapore Branch	A+	A+	Standard & Poor's
Counterparties of forward foreign exchange contracts			
- ANZ Bank	AA-	N.A.	Standard & Poor's
- ING Bank	A-	N.A.	Standard & Poor's
- JP Morgan Chase & Company	A-	A-	Standard & Poor's
- Standard Chartered Bank	N.A.	BBB+	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.

(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).

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

9. Financial risk management (continued)

(g) Fair value estimation (continued)

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 and 2020:

As at 31 December 2021	Level 1 JPY'000	Level 2 JPY'000	Level 3 JPY'000	Total JPY'000
Assets				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted equities	15,731,763	-	-	15,731,763
- Quoted real estate investment trusts	191,127	-	-	191,127
- Financial derivatives at fair value	-	255,890	-	255,890
	<u>15,922,890</u>	<u>255,890</u>	<u>-</u>	<u>16,178,780</u>
As at 31 December 2020				
	Level 1 JPY'000	Level 2 JPY'000	Level 3 JPY'000	Total JPY'000
Assets				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted equities	10,505,533	-	-	10,505,533
- Quoted real estate investment trusts	480,430	-	-	480,430
- Financial derivatives at fair value	-	64,437	-	64,437
	<u>10,985,963</u>	<u>64,437</u>	<u>-</u>	<u>11,050,400</u>
Liabilities				
Financial liabilities designated at fair value through profit or loss at inception:				
- Financial derivatives at fair value	-	170	-	170

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include active listed equities and real estate investment trusts. 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. These include 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 and 2020 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.

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 year between the Fund and the related party at terms agreed between the parties and within the provisions of the Deeds:

	2021 JPY'000	2020 JPY'000
Bank balances held with related party of the Trustee	<u>708,130</u>	<u>592,141</u>

NIKKO AM JAPAN DIVIDEND EQUITY FUND
(Constituted under a Trust Deed registered in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

11. Financial ratios

Expense ratio

		2021	2020
<u>SGD Hedged Class</u>			
Total operating expenses	JPY'000	127,691	97,901
Average daily net asset value	JPY'000	7,488,652	5,905,647
Total expense ratio¹	%	1.71	1.66

		2021	2020
<u>USD Hedged Class</u>			
Total operating expenses	JPY'000	54,140	30,462
Average daily net asset value	JPY'000	3,186,791	1,835,598
Total expense ratio¹	%	1.70	1.66

		2021	2020
<u>SGD Class</u>			
Total operating expenses	JPY'000	38,400	20,245
Average daily net asset value	JPY'000	2,259,735	1,223,602
Total expense ratio¹	%	1.70	1.65

		2021	2020
<u>SGD Hedged Class B</u>			
Total operating expenses	JPY'000	15,668	5,353
Average daily net asset value	JPY'000	1,749,407	622,266
Total expense ratio¹	%	0.90	0.86

		2021	2020
<u>USD Hedged Class B</u>			
Total operating expenses	JPY'000	68	-
Average daily net asset value	JPY'000	27,109	-
Total expense ratio¹ (annualised)	%	0.89	-

Turnover ratio

		2021	2020
Lower of total value of purchases or sales	JPY'000	7,662,981	8,329,221
Average daily net asset value	JPY'000	14,711,694	9,587,113
Total turnover ratio²	%	52.09	86.88

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 JAPAN DIVIDEND EQUITY FUND

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

REPORT TO UNITHOLDERS

For the financial year ended 31 December 2021

The following contains additional information relating to the Fund.

1. Distribution of investments

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

2. Credit rating of debt securities

Nil.

3. Top 10 holdings

10 largest holdings at 31 December 2021

	Fair value JPY'000	Percentage of total net assets attributable to unitholders %
Toyota Motor Corporation	413,520	2.47
Mitsui & Company Limited	410,159	2.45
Sumitomo Mitsui Financial Group Incorporated	401,397	2.39
Otsuka Corporation	397,476	2.37
Astellas Pharma Incorporated	391,683	2.34
Resona Holdings Incorporated	391,654	2.34
Daiwa House Industry Company Limited	389,682	2.32
Nippon Telegraph & Telephone Corporation	383,985	2.29
Air Water Incorporated	375,269	2.24
Zenkoku Hoshu Company Limited	373,245	2.23

10 largest holdings at 31 December 2020

	Fair value JPY'000	Percentage of total net assets attributable to unitholders %
Denso Corporation	284,004	2.47
Itochu Corporation	281,284	2.44
Kyowa Exeo Corporation	279,942	2.43
Astellas Pharma Incorporated	279,747	2.43
Nichias Corporation	278,547	2.42
KDDI Corporation	277,780	2.41
Daiwa House Industry Company Limited	275,147	2.39
Otsuka Corporation	271,955	2.36
Kumagai Gumi Company Limited	271,491	2.36
DCM Holdings Company Limited	270,227	2.35

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

REPORT TO UNITHOLDERS

For the financial year ended 31 December 2021

4. Exposure to financial derivatives

	Fair value at 31 December 2021 JPY'000	Percentage of total net assets attributable to unitholders 31 December 2021 %	Unrealised gains/(losses) JPY'000	Realised gains/(losses) JPY'000
Forward foreign exchange contracts	<u>255,890</u>	<u>1.53</u>	<u>255,890</u>	<u>927,784</u>

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:

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

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 16 to 19.

9. Borrowings

Nil.

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

	JPY'000
Units created	7,898,655
Units cancelled	(4,544,051)

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

REPORT TO UNITHOLDERS

For the financial year ended 31 December 2021

11. Turnover ratio

Please refer to Note 11 of the Notes to the Financial Statements on page 39.

12. Expense ratio

Please refer to Note 11 of the Notes to the Financial Statements on page 39.

13. Related party transactions

Please refer to Note 10 of the Notes to the Financial Statements on page 38.

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 and the Sub-Managers currently do not receive or enter into any soft dollar commissions or arrangements.

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Company registration number 198202562H

SEMI-ANNUAL REPORT

For the financial period ending 30 June 2021

Nikko AM
Japan Dividend Equity Fund

MANAGERS

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Company Registration No. 198202562H

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Seet Oon Hui Eleanor
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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 Japan Dividend Equity Fund - SGD Hedged Class ¹	0.00	12.18	23.02	5.22	11.10	N/A	9.16

Source: Nikko Asset Management Asia Limited, returns as at 30 June 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.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Hedged Class ¹	-5.00	6.57	16.87	3.44	9.97	N/A	8.47

Source: Nikko Asset Management Asia Limited, returns as at 30 June 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.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - USD Hedged Class ¹	-0.06	12.07	22.99	5.91	11.69	N/A	9.43

Source: Nikko Asset Management Asia Limited, returns as at 30 June 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.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - USD Hedged Class ¹	-5.05	6.46	16.84	4.11	10.55	N/A	8.73

Source: Nikko Asset Management Asia Limited, returns as at 30 June 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: 1 July 2013

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Class	-0.45	5.82	14.72	3.55	8.26	N/A	7.80

Source: Nikko Asset Management Asia Limited, returns as at 30 June 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.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Class	-5.43	0.53	8.98	1.80	7.15	N/A	6.75

Source: Nikko Asset Management Asia Limited, returns as at 30 June 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.

Inception date: 1 April 2016

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Hedged Class B	0.14	12.50	23.73	N/A	N/A	N/A	9.69

Source: Nikko Asset Management Asia Limited, returns as at 30 June 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.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Hedged Class B	-4.87	6.88	17.54	N/A	N/A	N/A	7.17

Source: Nikko Asset Management Asia Limited, returns as at 30 June 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.

Inception date: 17 April 2019

Note:

- (1) The investment objective of the Fund is to provide a total return of capital growth and income over the medium to long term by investing in equity investments listed and traded on the Tokyo Stock Exchange. The currency exposures of the “SGD Hedged Share Class” and the “USD Hedged Share Class” are hedged from the Fund’s base currency – JPY to the share classes’ currencies – SGD and USD respectively, to remove the currency conversion risk from the Fund’s base currency to the respective share classes’ currencies.
- (2) With effect from 1 June 2017, the benchmark has been removed and there will no longer be any benchmark for the Fund. This is because pursuant to the investment objective of the Fund, the Fund is managed on a total return basis and as such, it does not seek to outperform any benchmark. Prior to 1 June 2017, the benchmark against which the Fund’s performance is measured is the TOPIX Total Return Index.

Portfolio Review and Activity***Fund gained in 1H21***

The Nikko AM Japan Dividend Equity Fund (SGD Hedged Class) (the “Fund”) returned 12.18% (in SGD terms, on a NAV-NAV basis) in the six months to 30 June 2021 and has returned 9.16% (annualised) since its inception on 1 July 2013. From March, investors began to refocus on fundamentals amid rising US long-term interest rates and expectations for a normalisation of the economy. In addition, a number of Japanese companies posted an earnings recovery and announced dividend hikes, helping support the performance of high dividend stocks.

Stocks that made large positive contributions during the period included stocks that posted strong earnings results such as major electronics manufacturer Hitachi, label and barcode printer Sato Holdings, electronic auto parts maker Denso, and automaker Toyota Motor. Convenience store operator Seven & i Holdings also added to performance on news of its acquisition of a US company.

In contrast, negative contributors included stocks whose earnings momentum was thought to be lagging, such as electronic materials maker Taiyo Holdings, home improvement chain operator DCM Holdings, home electronics retailer K’s Holdings, and IT services firm Kyowa Exeo. Beer maker Kirin Holdings also contributed negatively after it declined on concerns over the business impact of the situation in Myanmar.

We maintained the portfolio’s stock weighting during the period at around 98-99%. As of the end of June 2021, the portfolio consisted of 54 issues.

Market Review***Japanese equity market rose in JPY terms in 1H21 on hopes for a normalisation of the economy***

The Japanese stock market started the year off on a somewhat rocky note as the Japanese government announced a second state of emergency in the Greater Tokyo area following an increase in COVID-19 cases. At the same time, sharp movements in the US equity market sparked concerns over continued stock price volatility amid the GameStop trading frenzy. The spread of more infectious COVID-19 variants and rising US long-term interest rates also weighed on the market. Nevertheless, optimism for a normalisation of the economy fuelled by vaccine rollouts, US stimulus measures, and positive growth indicators in Japan held strong early in the year.

From April, Japanese equities were mostly flat. In the first half of the period, stocks were weighed down by a resurgence of COVID-19 cases and the slow start to Japan’s vaccination rollout. Inflation

concerns also continued to build. However, from mid-May, stocks pared losses as Japan ramped up its vaccination efforts and expectations grew for the US's large-scale infrastructure plan. Over the period, the TOPIX (including dividends) rose 8.90% in JPY terms.

Overall, in terms of sector performance, all but one of the 33 Tokyo Stock Exchange (TSE) sectors rose during the period, with Marine Transportation, Rubber Products, and Mining posting the strongest gains. Only Pharmaceuticals declined.

Market Outlook

Japanese market likely to continue on an uptrend going forward

Japanese equities have remained resilient amid expectations for a global economic recovery and as vaccination efforts in Japan begin to gather pace. In the short term, it is possible that we may see periods of volatility in the equity market spurred by new COVID-19 cases as well as changes in US monetary policy and long-term interest rates. However, Japanese corporate earnings are improving on a recovery of the economy and cost restructuring measures, and the faster pace of Japan's vaccination rollout makes a recovery in domestic demand more likely as well. These positives are likely to push the market's upside gradually higher. In addition, the Japanese government has laid out its growth strategy focused on promoting further digitisation and decarbonisation in Japan and Japanese companies are transforming their operations through structural reforms to improve efficiency. We believe these factors will support a continued uptrend in Japanese equities in the medium term.

Investment Strategy

Portfolio is characterised by low volatility and low correlation relative to the market

In principle, we manage the portfolio based on an investment policy of making highly selective investments in companies with future dividend growth potential from among those whose projected dividend yield is higher than the market average. In making stock selections, we focus on bottom-up research, thoroughly scrutinising each company's corporate competitiveness, cash flow generation capacity, financial stability and stance on shareholder returns. We therefore carefully select firms that are able to continually grow their dividends, and invest from a medium- to long-term perspective. Since many of the holdings are in stable growth stocks with strong earnings power and sound financials, the portfolio is characterised by low volatility and low correlation with the market. Currently, many of the portfolio's holdings are in IT service providers, telecommunications firms, specialised trading companies, retail, electronic materials, construction and construction materials.

Focus on names with ample cash reserves and strong earnings momentum

Following the introduction of Japan's Corporate Governance Code, the number of Japanese firms that are selling off unprofitable businesses or strategic shareholdings and putting their excess cash to use through dividend increases and share buybacks is growing as companies increasingly turn their focus to improving returns on equity (ROE). Although Japanese companies were impacted by the COVID-19 outbreak in FY20, many firms have maintained or raised dividends thanks to their strong financial positions and cost restructuring efforts that have helped earnings rebound. This underscores the stability of Japanese corporate dividends. Looking ahead to FY21, corporate earnings are expected to greatly improve amid the global economic recovery, with many companies expected to raise dividends. As such, we expect to see a good number of opportunities to invest in names that, in addition to providing stable dividend income, can offer capital gains as dividend hikes drive up their share prices.

In terms of stock selection, we will seek out names with ample cash reserves and/or strong earnings momentum that balance investment in future growth with providing returns to shareholders. In

particular, we will focus on those names from which sustained dividend growth can be expected, paying close attention to firms where there are indications that management (via business mid-term plans, etc.) is changing its stance on shareholder returns, such as placing greater emphasis on paying stable dividends. We will focus on primarily domestic demand-driven firms including IT services firms, network construction firms, and outsourcing companies that offer solutions to address the ongoing labour shortage and shift to remote work; construction and building materials firms which are expected to enjoy favourable business conditions given the high number of urban redevelopment and infrastructure development projects; and specialty retailers expected to see earnings growth driven by industry restructuring. From June 2021, Japan has begun to accelerate its vaccination rollout, making it more likely that we will see companies announce dividend hikes as domestic demand recovers. With respect to exporters, we are only holding companies in areas where Japanese businesses have a strong advantage, such as electronic materials-related names that are highly competitive in niche segments as well as companies that are well positioned to benefit from the shift to electric vehicles. We will also look at names that are likely to increase dividends in the future and proactively invest in high quality stocks that have lagged the market relative to their fundamentals. In this way, we will position our portfolio to achieve steady returns as investors factor in improving corporate earnings results and dividend hikes.

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) before deciding whether to invest in the Fund.

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The Central Provident Fund (“CPF”) Ordinary Account (“OA”) interest rate is the legislated minimum 2.5% per annum, or the 3-month average of major local banks’ interest rates, whichever is higher, reviewed quarterly. The interest rate for Special Account (“SA”) is currently 4% per annum or the 12-month average yield of 10-year Singapore Government Securities plus 1%, whichever is higher, reviewed quarterly. Only monies in excess of \$20,000 in OA and \$40,000 in SA can be invested under the CPF Investment Scheme (“CPFIS”). Please refer to the website of the CPF Board for further information. Investors should note that the applicable interest rates for the CPF accounts and the terms of CPFIS may be varied by the CPF Board from time to time.

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 JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial period from 01 January 2021 to 30 June 2021 (unaudited)*

	30 June 2021	30 June 2020
	JPY'000	JPY'000
Income		
Dividends	204,769	154,527
Interest on cash and bank balances	-	342
	204,769	154,869
Less: Expenses		
Management fee	95,609	66,885
Registrar fee	3,432	4,269
Trustee fee	2,053	1,356
Custody fee	720	79
Audit fee	626	517
Valuation fee	2,738	1,808
Transaction costs	11,764	12,556
Other expenses	3,685	1,136
	120,627	88,606
Net income	84,142	66,263
Net gains or losses on value of investments and financial derivatives		
Net gains/(losses) on investments	1,392,626	(1,274,354)
Net foreign exchange gains/(losses)	27,355	(13,454)
Net gains/(losses) on financial derivatives	694,035	(292,178)
	2,114,016	(1,579,986)
Total return/(deficit) for the financial period before income tax	2,198,158	(1,513,723)
Less: Income tax	(31,360)	(23,666)
Total return/(deficit) for the financial period after income tax	2,166,798	(1,537,389)

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF FINANCIAL POSITION***As at 30 June 2021 (unaudited)*

	30 June 2021	31 December 2020
	JPY'000	JPY'000
ASSETS		
Portfolio of investments	14,105,384	10,985,963
Sales awaiting settlement	19,381	12,123
Receivables	154,947	113,287
Cash and bank balances	826,914	592,141
Financial derivatives at fair value	24,069	64,437
Total assets	15,130,695	11,767,951
LIABILITIES		
Payables	120,924	125,681
Purchases awaiting settlement	101,456	73,949
Distribution payable	62,462	46,915
Financial derivatives at fair value	-	170
Total liabilities	284,842	246,715
EQUITY		
Net assets attributable to unitholders	14,845,854	11,521,236

NIKKO AM JAPAN DIVIDEND EQUITY 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 2021 to 30 June 2021 (unaudited)*

	30 June 2021	31 December 2020
	JPY'000	JPY'000
Net assets attributable to unitholders at the beginning of the financial period/year	11,521,236	11,224,115
Operations		
Change in net assets attributable to unitholders resulting from operations	2,166,798	(620,989)
Unitholders' contributions/(withdrawals)		
Creation of units	4,397,012	5,976,029
Cancellation of units	(2,892,654)	(4,409,357)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	1,504,358	1,566,672
Distributions	(346,538)	(648,562)
Total increases in net assets attributable to unitholders	3,324,618	297,121
Net assets attributable to unitholders at the end of the financial period/year	14,845,854	11,521,236

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2021 (unaudited)***By Industry (Primary)**

	Holdings at 30 June 2021	Fair value at 30 June 2021 JPY'000	Percentage of total net assets attributable to unitholders at 30 June 2021 %
Quoted Equities			
ADVERTISING			
Relia Incorporated	181,200	245,888	1.66
Total ADVERTISING		<u>245,888</u>	<u>1.66</u>
AUTO MANUFACTURERS			
Honda Motor Company Limited	37,100	131,705	0.88
Toyota Motor Corporation	34,800	337,908	2.28
Total AUTO MANUFACTURERS		<u>469,613</u>	<u>3.16</u>
AUTO PARTS & EQUIPMENT			
Denso Corporation	34,900	264,507	1.78
Total AUTO PARTS & EQUIPMENT		<u>264,507</u>	<u>1.78</u>
BANKS			
Resona Holdings Incorporated	624,600	266,829	1.80
Sumitomo Mitsui Financial Group Incorporated	81,900	313,677	2.11
Total BANKS		<u>580,506</u>	<u>3.91</u>
BEVERAGES			
Kirin Holdings Company Limited	61,400	132,992	0.90
Total BEVERAGES		<u>132,992</u>	<u>0.90</u>
BUILDING MATERIALS			
AGC Incorporated	59,100	275,406	1.86
Fujimi Incorporated	29,200	147,752	0.99
Nichias Corporation	109,900	307,171	2.07
Sanwa Holdings Corporation	158,900	216,740	1.46
Total BUILDING MATERIALS		<u>947,069</u>	<u>6.38</u>
CHEMICALS			
AICA Kogyo Company Limited	69,300	270,617	1.82
Air Water Incorporated	186,300	318,200	2.14
Lintec Corporation	93,400	225,094	1.52
Total CHEMICALS		<u>813,911</u>	<u>5.48</u>
COMMERCIAL SERVICES			
Dai Nippon Printing Company Limited	87,800	206,242	1.39
Total COMMERCIAL SERVICES		<u>206,242</u>	<u>1.39</u>
COMPUTERS			
DTS Corporation	39,700	105,007	0.70
Nihon Unisys Limited	100,700	336,338	2.27
Otsuka Corporation	44,100	257,103	1.73
Total COMPUTERS		<u>698,448</u>	<u>4.70</u>
COSMETICS/PERSONAL CARE			
Kao Corporation	48,600	332,181	2.24
Total COSMETICS/PERSONAL CARE		<u>332,181</u>	<u>2.24</u>

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2021 (unaudited)***By Industry (Primary) (continued)**

	Holdings at 30 June 2021	Fair value at 30 June 2021 JPY'000	Percentage of total net assets attributable to unitholders at 30 June 2021 %
Quoted Equities (continued)			
DISTRIBUTION/WHOLESALE			
Itochu Corporation	104,700	335,040	2.26
Kanematsu Corporation	157,000	231,889	1.56
Mitsubishi Corporation	81,200	245,874	1.65
Nippon Gas Company Limited	186,900	352,867	2.38
Total DISTRIBUTION/WHOLESALE		1,165,670	7.85
DIVERSIFIED FINANCIAL SERVICES			
ORIX Corporation	50,400	94,475	0.63
Zenkoku Hoshu Company Limited	69,900	333,773	2.25
Total DIVERSIFIED FINANCIAL SERVICES		428,248	2.88
ELECTRONICS			
Inaba Denki Sangyo Company Limited	119,000	307,734	2.07
Macnica Fuji Electronics Holdings Incorporated	79,500	212,345	1.43
Star Micronics Company Limited	99,100	167,578	1.14
Taiyo Holdings Company Limited	54,400	285,600	1.92
Total ELECTRONICS		973,257	6.56
ENGINEERING AND CONSTRUCTION			
Kumagai Gumi Company Limited	97,400	272,720	1.84
Kyowa Exeo Corporation	127,500	348,713	2.35
Takasago Thermal Engineering Company Limited	107,500	199,090	1.34
Total ENGINEERING AND CONSTRUCTION		820,523	5.53
FOOD			
Seven & I Holdings Company Limited	55,100	291,865	1.96
Total FOOD		291,865	1.96
HAND/MACHINE TOOLS			
Amada Company Limited	224,600	252,226	1.70
Total HAND/MACHINE TOOLS		252,226	1.70
HOME BUILDERS			
Daiwa House Industry Company Limited	101,500	338,503	2.28
Total HOME BUILDERS		338,503	2.28
INSURANCE			
Tokio Marine Holdings Incorporated	69,700	356,028	2.40
Total INSURANCE		356,028	2.40
INTERNET			
Arteria Networks Corporation	167,100	301,783	2.03
Trend Micro Incorporation/Japan	50,000	291,000	1.96
Total INTERNET		592,783	3.99
MACHINERY-CONSTRUCTION & MINING			
Hitachi Limited	43,400	276,067	1.86
Mitsubishi Electric Corporation	199,400	321,533	2.17
Total MACHINERY-CONSTRUCTION & MINING		597,600	4.03

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2021 (unaudited)***By Industry (Primary) (continued)**

	Holdings at 30 June 2021	Fair value at 30 June 2021 JPY'000	Percentage of total net assets attributable to unitholders at 30 June 2021 %
Quoted Equities (continued)			
MISCELLANEOUS MANUFACTURE			
Amano Corporation	52,600	147,333	0.99
Total MISCELLANEOUS MANUFACTURE		147,333	0.99
OFFICE/BUSINESS EQUIPMENT			
Sato Holdings Corporation	111,200	302,909	2.04
Total OFFICE/BUSINESS EQUIPMENT		302,909	2.04
PACKAGING & CONTAINERS			
Rengo Company Limited	365,200	337,810	2.28
Total PACKAGING & CONTAINERS		337,810	2.28
PHARMACEUTICALS			
Astellas Pharma Incorporated	128,300	248,196	1.67
Total PHARMACEUTICALS		248,196	1.67
REAL ESTATE			
Nomura Real Estate Holdings Incorporated	54,700	154,145	1.04
Total REAL ESTATE		154,145	1.04
RETAIL			
ABC-Mart Incorporated	42,700	271,999	1.83
DCM Holdings Company Limited	272,400	288,199	1.94
Komeda Holdings Company Limited	25,500	52,785	0.36
K's Holdings Corporation	252,500	322,443	2.17
Total RETAIL		935,426	6.30
TELECOMMUNICATIONS			
KDDI Corporation	93,000	322,245	2.17
Nippon Telegraph & Telephone Corporation	121,900	352,840	2.38
Total TELECOMMUNICATIONS		675,085	4.55
TRANSPORTATION			
Senko Group Holdings Company Limited	307,400	333,222	2.24
Total TRANSPORTATION		333,222	2.24
Total Quoted Equities		13,642,186	91.89
Quoted Real Estate Investment Trusts			
REAL ESTATE INVESTMENT TRUSTS (REITS)			
Nippon Prologis REIT Incorporated	717	253,460	1.71
ORIXJ REIT Incorporated	981	209,738	1.41
Total REAL ESTATE INVESTMENT TRUSTS (REITS)		463,198	3.12
Total Quoted Real Estate Investment Trusts		463,198	3.12
Portfolio of investments		14,105,384	95.01
Other net assets		740,470	4.99
Net assets attributable to unitholders		14,845,854	100.00

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2021 (unaudited)*

By Industry (Summary)	Fair value at 30 June 2021 JPY'000	Percentage of total net assets attributable to unitholders at 30 June 2021 %	Percentage of total net assets attributable to unitholders at 31 December 2020 %
Advertising	245,888	1.66	1.84
Auto Manufacturers	469,613	3.16	2.55
Auto Parts & Equipment	264,507	1.78	2.47
Banks	580,506	3.91	5.68
Beverages	132,992	0.90	1.45
Building Materials	947,069	6.38	4.14
Chemicals	813,911	5.48	6.11
Commercial Services	206,242	1.39	-
Computers	698,448	4.70	2.05
Cosmetics/Personal Care	332,181	2.24	-
Distribution/Wholesale	1,165,670	7.85	6.14
Diversified Financial Services	428,248	2.88	2.54
Electronics	973,257	6.56	8.52
Engineering and Construction	820,523	5.53	6.85
Food	291,865	1.96	1.74
Hand/Machine Tools	252,226	1.70	1.21
Home Builders	338,503	2.28	2.39
Insurance	356,028	2.40	2.34
Internet	592,783	3.99	4.33
Machinery-Construction & Mining	597,600	4.03	2.14
Miscellaneous Manufacture	147,333	0.99	0.88
Office/Business Equipment	302,909	2.04	2.33
Packaging & Containers	337,810	2.28	2.13
Pharmaceuticals	248,196	1.67	2.43
Real Estate	154,145	1.04	1.93
Real Estate Investment Trusts (REITS)	463,198	3.12	4.17
Retail	935,426	6.30	8.66
Telecommunications	675,085	4.55	4.58
Transportation	333,222	2.24	3.75
Portfolio of investments	14,105,384	95.01	95.35
Other net assets	740,470	4.99	4.65
Net assets attributable to unitholders	14,845,854	100.00	100.00

As the Fund invests wholly into Japanese equities, it is not meaningful to classify the investments into geography

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

REPORT TO UNITHOLDERS

For the financial period from 01 January 2021 to 30 June 2021 (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 2021

	Fair value JPY'000	Percentage of total net assets attributable to unitholders %
Tokio Marine Holdings Incorporated	356,028	2.40
Nippon Gas Company Limited	352,867	2.38
Nippon Telegraph & Telephone Corporation	352,840	2.38
Kyowa Exeo Corporation	348,713	2.35
Daiwa House Industry Company Limited	338,503	2.28
Toyota Motor Corporation	337,908	2.28
Rengo Company Limited	337,810	2.28
Nihon Unisys Limited	336,338	2.27
Itochu Corporation	335,040	2.26
Zenkoku Hoshu Company Limited	333,773	2.25

10 Largest holdings at 30 June 2020

	Fair value JPY'000	Percentage of total net assets attributable to unitholders %
Kyowa Exeo Corporation	246,428	2.73
Tokio Marine Holdings Incorporated	239,128	2.65
Itochu Corporation	237,954	2.64
Nippon Telegraph & Telephone Corporation	236,709	2.63
NTT Docomo Incorporated	233,154	2.59
Kumagai Gumi Company Limited	226,008	2.51
JSR Corporation	223,808	2.48
KDDI Corporation	222,823	2.46
Sanwa Holdings Corporation	220,009	2.44
Senko Group Holdings Company Limited	219,234	2.43

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

REPORT TO UNITHOLDERS

For the financial period from 01 January 2021 to 30 June 2021 (unaudited)

4. Exposure to financial derivatives

	Fair value at 30 June 2021 JPY'000	Percentage of total net assets attributable to unitholders 30 June 2021 %	Unrealised gains/(losses) JPY'000	Realised gains/(losses) JPY'000
Forward foreign exchange contracts	24,069	0.16	24,069	669,966

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:

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

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 2021

	JPY'000
Units created	4,397,012
Units cancelled	(2,892,654)

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

REPORT TO UNITHOLDERS

For the financial period from 01 January 2021 to 30 June 2021 (unaudited)

11. Turnover ratio

		30 June 2021	30 June 2020
Lower of total value of purchases or sales	JPY'000	3,665,622	3,672,268
Average daily net asset value	JPY'000	13,578,335	9,214,263
Total turnover ratio¹	%	27.00	39.85

¹ 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. Expense ratio

		30 June 2021	30 June 2020
<u>SGD Hedged Class</u>			
Total operating expenses	JPY'000	113,626	109,869
Average daily net asset value	JPY'000	6,827,064	6,361,179
Total expense ratio²	%	1.66	1.73

		30 June 2021	30 June 2020
<u>USD Hedged Class</u>			
Total operating expenses	JPY'000	37,218	51,403
Average daily net asset value	JPY'000	2,230,815	2,985,236
Total expense ratio²	%	1.67	1.72

		30 June 2021	30 June 2020
<u>SGD Class</u>			
Total operating expenses	JPY'000	27,378	20,298
Average daily net asset value	JPY'000	1,641,600	1,174,381
Total expense ratio²	%	1.67	1.73

		30 June 2021	30 June 2020
<u>SGD Hedged Class B</u>			
Total operating expenses	JPY'000	9,002	4,864
Average daily net asset value	JPY'000	1,028,297	527,888
Total expense ratio²	%	0.88	0.92

² 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 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.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

REPORT TO UNITHOLDERS

For the financial period from 01 January 2021 to 30 June 2021 (unaudited)

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 operating through its Singapore Branch.

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 Deeds:

	30 June 2021 JPY'000	31 December 2020 JPY'000
Bank balances held with related party of the Trustee	826,914	592,141

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 and the Sub-Managers, Nikko Asset Management Co., Ltd., currently do not receive or enter into any soft dollar commissions or arrangements.

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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 2020

Nikko AM **Japan Dividend Equity Fund**

MANAGERS

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

DIRECTORS

Hou Wey Fook (Resigned with effect from 15 January 2021)
Lim Soon Chong (Resigned with effect from 15 January 2021)
Kiyotaka Ryu
Seet Oon Hui Eleanor
Hiroki Tsujimura

TRUSTEE & REGISTRAR

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

AUDITORS

PricewaterhouseCoopers LLP
7 Straits View, Marina One,
East Tower, Level 12,
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)

PERFORMANCE SUMMARY

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Hedged Class ¹	4.76	9.67	-3.52	-0.16	4.87	N/A	8.13

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2020. 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
Nikko AM Japan Dividend Equity Fund - SGD Hedged Class ¹	-0.47	4.19	-8.34	-1.86	3.80	N/A	7.39

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2020. 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.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - USD Hedged Class ¹	4.80	9.75	-2.56	0.69	5.44	N/A	8.43

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2020. 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.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - USD Hedged Class ¹	-0.44	4.26	-7.43	-1.02	4.37	N/A	7.69

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2020. 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: 1 July 2013

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Class	3.64	8.41	-0.19	1.24	N/A	N/A	7.36

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2020. 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
Nikko AM Japan Dividend Equity Fund - SGD Class	-1.54	2.99	-5.18	-0.48	N/A	N/A	6.20

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2020. 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.

Inception date: 1 April 2016

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Japan Dividend Equity Fund - SGD Hedged Class B	4.88	9.97	-2.66	N/A	N/A	N/A	5.17

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2020. 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
Nikko AM Japan Dividend Equity Fund - SGD Hedged Class B	-0.37	4.48	-7.52	N/A	N/A	N/A	2.07

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2020. 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.

Inception date: 17 April 2019

Note:

- (1) The investment objective of the Fund is to provide a total return of capital growth and income over the medium to long term by investing in equity investments listed and traded on the Tokyo Stock Exchange. The currency exposures of the "SGD Hedged Share Class" and the "USD Hedged Share Class" are hedged from the Fund's base currency – JPY to the share classes' currencies – SGD and USD respectively, to remove the currency conversion risk from the Fund's base currency to the respective share classes' currencies.

-
- (2) With effect from 1 June 2017, the benchmark has been removed and there will no longer be any benchmark for the Fund. This is because pursuant to the investment objective of the Fund, the Fund is managed on a total return basis and as such, it does not seek to outperform any benchmark. Prior to 1 June 2017, the benchmark against which the Fund's performance is measured is the TOPIX Total Return Index.

Portfolio Review and Activity

Fund declined in 2020

The Nikko AM Japan Dividend Equity Fund (SGD Hedged Class) (the "Fund") returned -3.52% (in SGD terms, on a NAV-NAV basis) in the year to 31 December 2020 and has returned 8.13% (annualised) since its inception on 1 July 2013. For much of the year, investors continued to shy away from dividend stocks given concerns over dividend cuts and focused instead on large cap and higher volatility names, where we have few holdings. The market environment was particularly challenging in November, where the conclusion of the US presidential election and optimism around COVID-19 vaccine development sent stocks soaring. The rally was led primarily by gains in large-cap cyclical names with high beta and high volatility as well as highly thematic stocks, creating a market environment that was antithetical to the low-beta, low-volatility characteristics of our strategy. Nevertheless, looking ahead, we expect that through our continued policy of careful stock selection, we will return to more normalised performance around March to May as investors take into consideration dividend hikes for the next fiscal year (starting in April).

Stocks that made large positive contributions during the period were primarily names announcing positive earnings results, including electronic materials maker Taiyo Holdings and industrial gas firm Air Water, as well as electronic materials maker JSR, which benefitted from expectations for an earnings recovery. Other positive contributors included home centre operator Shimachu which surged on news that it would become the target of a tender offer; and IT services company NEC Networks & System Integration Corporation which rose on expectations that it would benefit from increasing demand for remote work.

In contrast, stocks that detracted from performance were mainly those facing concerns over the coronavirus outbreak, including operator of members-only hotels ResortTrust, parking lot operator Park24, leasing firm Orix, and real estate investment trust ORIX JREIT. Label and barcode printer Sato Holdings also contributed negatively on concerns that its earnings momentum was relatively lagging.

We maintained the portfolio's stock weighting during the period at around 98-99%. As of the end of December 2020, the portfolio consisted of 52 issues.

Market Review

Japanese equity market rose in JPY terms in 2020 despite volatility caused by COVID-19

The first half of 2020 was marked by increased volatility following the emergence of COVID-19. There was a dramatic sell-off between February and mid-March on news that the virus had begun to rapidly spread to the US and Europe. Nevertheless, Japanese equities soon began to recover, supported by large-scale fiscal stimulus and monetary easing policies around the world and, later on, by progress in the development of new treatments and vaccines for COVID-19. The uptrend in stocks held steady throughout much of the second half of the year as investors shrugged off a resurgence of COVID-19 cases, focusing instead on breakthroughs in vaccine development and

expectations for a normalisation of the economy. As a result, the TOPIX (including dividends) ended the year up 7.39% while the Nikkei 225 (including dividends) rose 18.26% in JPY terms.

Overall, in terms of sector performance, 15 of 33 TOPIX sectors rose during the period, with sectors such as Electric Appliances, Information & Communication, and Other Products posting the highest gains. In contrast, 18 sectors declined, including Mining, Air Transportation, and Oil & Coal Products.

Market Outlook

Japanese market likely to maintain its uptrend in the medium term

Japanese equities have returned to an uptrend, supported by the start of the COVID-19 vaccine rollout in some countries and expectations for a normalisation of the economy driven by the US's fiscal and monetary response. In the short term, it is possible that we may see periods of volatility in the equity market as investors monitor new COVID-19 cases both in and outside of Japan as well as global economic trends. However, considering that corporate earnings are on a recovery trend, we expect that stock prices will gradually move higher as investors factor in an earnings recovery. The new Suga administration has clearly laid out its growth strategy, including regulatory reform as well as promoting further digitisation and decarbonisation in Japan, which should also provide support to share prices. In addition, from a medium-term perspective, we believe that Japanese equities will maintain an uptrend as Japanese companies make progress on streamlining their businesses, actively improving shareholder returns, and implementing other such structural changes.

Investment Strategy

Portfolio is characterised by low volatility and low correlation relative to the market

In principle, we manage the portfolio based on an investment policy of making highly selective investments in companies with future dividend growth potential from among those whose projected dividend yield is higher than the market average. In making stock selections, we focus on bottom-up research, thoroughly scrutinizing each company's corporate competitiveness, cash flow generation capacity, financial stability and stance on shareholder returns. We therefore carefully select firms that are able to continually grow their dividends, and invest from a medium- to long-term perspective. Since many of the holdings are in stable growth stocks with strong earnings power and sound financials, the portfolio is characterised by low volatility and low correlation with the market. Currently, many of the portfolio's holdings are in IT service providers, telecommunications firms, specialised trading companies, retail, electronic materials, construction and construction materials.

Focus on names with ample cash reserves and strong earnings momentum

Following the introduction of Japan's Corporate Governance Code, the number of Japanese firms that are selling off unprofitable businesses or strategic shareholdings and putting their excess cash to use through dividend increases and share buybacks is growing as companies increasingly turn their focus to improving returns on equity. In terms of short-term earnings, many companies are expected to post a drop in profits due to the impact of the COVID-19 outbreak, with dividend cuts inevitable. At the same time, Japanese companies' dividend payout ratio is still low to begin with while their financial positions are strong, so many other companies are maintaining or raising dividends. In addition, with the worst of COVID's earnings impact behind us, many companies are expected to raise dividends in FY21. As such, we expect to continue to see a good number of opportunities to invest in names that, in addition to providing stable dividend income, can offer capital gains as dividend hikes drive up their share prices.

In terms of stock selection, we will seek out names with ample cash reserves and/or strong earnings momentum that balance investment in future growth with providing returns to shareholders. In

particular, we will focus on those names from which sustained dividend growth can be expected, paying close attention to firms where there are indications that management (via business mid-term plans, etc.) is changing its stance on shareholder returns. We will focus on primarily domestic demand-driven firms including IT services firms, network construction firms, and outsourcing companies that offer solutions to address the ongoing labour shortage and shift to remote work, construction and building materials firms which are expected to enjoy favourable business conditions given the high number of urban redevelopment and infrastructure development projects; and specialty retailers expected to see earnings improvement driven by industry restructuring. With respect to exporters, we are only holding companies in areas where Japanese businesses have a strong advantage, such as electronic materials-related names that are highly competitive in niche segments as well as auto part makers that are well positioned to benefit from the shift to electric vehicles. Near-term earnings in corporate Japan have taken a hit from the COVID-19 crisis. However, we will look at names that are likely to increase dividends in the future and proactively invest in high quality stocks that have lagged the market relative to their fundamentals. In this way, we will position our portfolio to achieve steady returns as investors factor in positive changes in corporate earnings results and dividend hikes in FY21.

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) before deciding whether to invest in the Fund.

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The Central Provident Fund (“CPF”) Ordinary Account (“OA”) interest rate is the legislated minimum 2.5% per annum, or the 3-month average of major local banks’ interest rates, whichever is higher, reviewed quarterly. The interest rate for Special Account (“SA”) is currently 4% per annum or the 12-month average yield of 10-year Singapore Government Securities plus 1%, whichever is higher, reviewed quarterly. Only monies in excess of \$20,000 in OA and \$40,000 in SA can be invested under the CPF Investment Scheme (“CPFIS”). Please refer to the website of the CPF Board for further information. Investors should note that the applicable interest rates for the CPF accounts and the terms of CPFIS may be varied by the CPF Board from time to time.

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

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

REPORT OF THE TRUSTEE

For the financial year ended 31 December 2020

The Trustee is under a duty to take into custody and hold the assets of Nikko AM Japan Dividend Equity 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 38, 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 2021

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

STATEMENT BY THE MANAGER

For the financial year ended 31 December 2020

In the opinion of Nikko Asset Management Asia Limited, the accompanying financial statements set out on pages 13 to 38, 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 Japan Dividend Equity Fund (the "Fund") as at 31 December 2020, and the financial performance and movements in unitholders' funds for the 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 2021

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

Our Opinion

In our opinion, the accompanying financial statements of Nikko AM Japan Dividend Equity 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 2020, and 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 2020;
- the Statement of Financial Position as at 31 December 2020;
- the Statement of Movements of Unitholders' Funds for the financial year ended 31 December 2020;
- the Statement of Portfolio as at 31 December 2020; 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 JAPAN DIVIDEND EQUITY 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.

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 JAPAN DIVIDEND EQUITY 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 2021

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial year ended 31 December 2020*

	Note	2020 JPY'000	2019 JPY'000
Income			
Dividends		306,654	408,409
Interest on cash and bank balances		342	2,813
		<u>306,996</u>	<u>411,222</u>
Less: Expenses			
Management fee		138,674	182,656
Registrar fee		8,620	7,708
Trustee fee		2,867	3,637
Custody fee		591	2,597
Audit fee		1,033	1,104
Valuation fee		3,823	4,849
Transaction costs		23,585	24,821
Other expenses		(795)	7,041
		<u>178,398</u>	<u>234,413</u>
Net income		<u>128,598</u>	<u>176,809</u>
Net gains or losses on value of investments and financial derivatives			
Net (losses)/gains on investments		(408,748)	1,993,479
Net foreign exchange losses		(17,184)	(19,870)
Net (losses)/gains on financial derivatives		(276,691)	254,143
		<u>(702,623)</u>	<u>2,227,752</u>
Total (deficit)/return for the financial year before income tax		(574,025)	2,404,561
Less: Income tax	3	(46,964)	(62,548)
Total (deficit)/return for the financial year after income tax		<u>(620,989)</u>	<u>2,342,013</u>

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF FINANCIAL POSITION***As at 31 December 2020*

	Note	2020 JPY'000	2019 JPY'000
ASSETS			
Portfolio of investments		10,985,963	10,849,815
Sales awaiting settlement		12,123	15,514
Receivables	4	113,287	66,861
Cash and bank balances		592,141	575,459
Financial derivatives at fair value	6	64,437	25,127
Total assets		11,767,951	11,532,776
LIABILITIES			
Payables	5	125,681	170,892
Purchases awaiting settlement		73,949	61,384
Distribution payable		46,915	64,570
Financial derivatives at fair value	6	170	11,815
Total liabilities		246,715	308,661
EQUITY			
Net assets attributable to unitholders	7	11,521,236	11,224,115

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY 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 2020*

	Note	2020 JPY'000	2019 JPY'000
Net assets attributable to unitholders at the beginning of the financial year		11,224,115	9,213,787
Operations			
Change in net assets attributable to unitholders resulting from operations		(620,989)	2,342,013
Unitholders' contributions/(withdrawals)			
Creation of units		5,976,029	7,831,885
Cancellation of units		(4,409,357)	(7,533,238)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		1,566,672	298,647
Distributions	8	(648,562)	(630,332)
Total increases in net assets attributable to unitholders		297,121	2,010,328
Net assets attributable to unitholders at the end of the financial year	7	11,521,236	11,224,115

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2020*

By Industry (Primary)	Holdings at 31 December 2020	Fair value at 31 December 2020 JPY'000	Percentage of total net assets attributable to unitholders at 31 December 2020 %
Quoted Equities			
ADVERTISING			
Relia Incorporated	165,700	211,930	1.84
Total ADVERTISING		<u>211,930</u>	<u>1.84</u>
AUTO MANUFACTURERS			
Honda Motor Company Limited	34,800	100,137	0.87
Toyota Motor Corporation	24,300	193,355	1.68
Total AUTO MANUFACTURERS		<u>293,492</u>	<u>2.55</u>
AUTO PARTS & EQUIPMENT			
Denso Corporation	46,300	284,004	2.47
Total AUTO PARTS & EQUIPMENT		<u>284,004</u>	<u>2.47</u>
BANKS			
Resona Holdings Incorporated	602,900	217,285	1.88
Seven Bank Limited	948,400	206,751	1.79
Sumitomo Mitsui Financial Group Incorporated	72,600	231,449	2.01
Total BANKS		<u>655,485</u>	<u>5.68</u>
BEVERAGES			
Kirin Holdings Company Limited	68,500	166,729	1.45
Total BEVERAGES		<u>166,729</u>	<u>1.45</u>
BUILDING MATERIALS			
Fujimi Incorporated	11,400	44,631	0.38
Nichias Corporation	113,600	278,547	2.42
Sanwa Holdings Corporation	128,200	154,096	1.34
Total BUILDING MATERIALS		<u>477,274</u>	<u>4.14</u>
CHEMICALS			
AICA Kogyo Company Limited	60,700	216,396	1.88
Air Water Incorporated	131,400	240,988	2.09
Lintec Corporation	108,200	246,480	2.14
Total CHEMICALS		<u>703,864</u>	<u>6.11</u>
COMPUTERS			
DTS Corporation	111,000	235,986	2.05
Total COMPUTERS		<u>235,986</u>	<u>2.05</u>
DISTRIBUTION/WHOLESALE			
Inabata & Company Limited	12,200	17,592	0.15
Itochu Corporation	94,900	281,284	2.44
Kanematsu Corporation	160,400	206,274	1.79
Mitsubishi Corporation	79,700	202,518	1.76
Total DISTRIBUTION/WHOLESALE		<u>707,668</u>	<u>6.14</u>
DIVERSIFIED FINANCIAL SERVICES			
ORIX Corporation	41,600	65,915	0.57
Zenkoku Hosho Company Limited	48,000	226,800	1.97
Total DIVERSIFIED FINANCIAL SERVICES		<u>292,715</u>	<u>2.54</u>

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2020***By Industry (Primary) (continued)**

	Holdings at 31 December 2020	Fair value at 31 December 2020 JPY'000	Percentage of total net assets attributable to unitholders at 31 December 2020 %
Quoted Equities (continued)			
ELECTRONICS			
Inaba Denki Sangyo Company Limited	106,800	269,777	2.34
Macnica Fuji Electronics Holdings Incorporated	69,100	139,928	1.21
Otsuka Corporation	49,900	271,955	2.36
Star Micronics Company Limited	49,800	82,369	0.71
Taiyo Holdings Company Limited	35,800	218,738	1.90
Total ELECTRONICS		982,767	8.52
ENGINEERING AND CONSTRUCTION			
Kumagai Gumi Company Limited	104,500	271,491	2.36
Kyowa Exeo Corporation	96,200	279,942	2.43
Takasago Thermal Engineering Company Limited	151,600	237,254	2.06
Total ENGINEERING AND CONSTRUCTION		788,687	6.85
FOOD			
Seven & I Holdings Company Limited	54,700	200,147	1.74
Total FOOD		200,147	1.74
HAND/MACHINE TOOLS			
Amada Company Limited	122,700	139,019	1.21
Total HAND/MACHINE TOOLS		139,019	1.21
HOME BUILDERS			
Daiwa House Industry Company Limited	89,800	275,147	2.39
Total HOME BUILDERS		275,147	2.39
INSURANCE			
Tokio Marine Holdings Incorporated	50,900	270,177	2.34
Total INSURANCE		270,177	2.34
INTERNET			
Arteria Networks Corporation	169,600	253,552	2.20
Trend Micro Incorporation	41,300	245,322	2.13
Total INTERNET		498,874	4.33
MACHINERY-CONSTRUCTION & MINING			
Hitachi Limited	60,600	246,339	2.14
Total MACHINERY-CONSTRUCTION & MINING		246,339	2.14
MISCELLANEOUS MANUFACTURE			
Amano Corporation	41,200	101,682	0.88
Total MISCELLANEOUS MANUFACTURE		101,682	0.88
OFFICE/BUSINESS EQUIPMENT			
Sato Holdings Corporation	120,900	269,003	2.33
Total OFFICE/BUSINESS EQUIPMENT		269,003	2.33

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2020***By Industry (Primary) (continued)**

	Holdings at 31 December 2020	Fair value at 31 December 2020 JPY'000	Percentage of total net assets attributable to unitholders at 31 December 2020 %
Quoted Equities (continued)			
PACKAGING & CONTAINERS			
Rengo Company Limited	283,600	245,030	2.13
Total PACKAGING & CONTAINERS		<u>245,030</u>	<u>2.13</u>
PHARMACEUTICALS			
Astellas Pharma Incorporated	175,500	279,747	2.43
Total PHARMACEUTICALS		<u>279,747</u>	<u>2.43</u>
REAL ESTATE			
Nomura Real Estate Holdings Incorporated	97,300	222,136	1.93
Total REAL ESTATE		<u>222,136</u>	<u>1.93</u>
RETAIL			
ABC-Mart Incorporated	41,200	236,488	2.05
DCM Holdings Company Limited	229,200	270,227	2.35
Komeda Holdings Company Limited	73,900	137,824	1.20
K's Holdings Corporation	183,000	262,788	2.28
Marui Group Company Limited	49,700	90,056	0.78
Total RETAIL		<u>997,383</u>	<u>8.66</u>
TELECOMMUNICATIONS			
KDDI Corporation	90,600	277,780	2.41
Nippon Telegraph & Telephone Corporation	94,600	250,264	2.17
Total TELECOMMUNICATIONS		<u>528,044</u>	<u>4.58</u>
TRANSPORTATION			
Nippon Express Company Limited	30,300	209,979	1.82
Senko Group Holdings Company Limited	220,900	222,225	1.93
Total TELECOMMUNICATIONS		<u>432,204</u>	<u>3.75</u>
Total Quoted Equities		<u>10,505,533</u>	<u>91.18</u>
Quoted Real Estate Investment Trusts			
REAL ESTATE INVESTMENT TRUSTS (REITS)			
Nippon Prologis REIT Incorporated	702	226,044	1.96
ORIXJ REIT Incorporated	1,492	254,386	2.21
Total REAL ESTATE INVESTMENT TRUSTS (REITS)		<u>480,430</u>	<u>4.17</u>
Total Quoted Real Estate Investment Trusts		<u>480,430</u>	<u>4.17</u>
Portfolio of investments		10,985,963	95.35
Other net assets		535,273	4.65
Net assets attributable to unitholders		<u>11,521,236</u>	<u>100.00</u>

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

STATEMENT OF PORTFOLIO

As at 31 December 2020

By Industry (Summary)	Percentage of	Percentage of
	total net assets attributable to unitholders at 31 December 2020 %	total net assets attributable to unitholders at 31 December 2019 %
Advertising	1.84	2.29
Auto Manufacturers	2.55	2.31
Auto Parts & Equipment	2.47	3.64
Banks	5.68	4.03
Beverages	1.45	-
Building Materials	4.14	5.02
Chemicals	6.11	8.14
Commercial Services	-	2.58
Computers	2.05	2.98
Distribution/Wholesale	6.14	5.96
Diversified Financial Services	2.54	2.61
Electronics	8.52	5.26
Engineering and Construction	6.85	7.14
Food	1.74	-
Hand/Machine Tools	1.21	1.86
Home Builders	2.39	2.47
Insurance	2.34	2.63
Internet	4.33	3.32
Lodging	-	2.52
Machinery-Construction & Mining	2.14	-
Mining	-	1.49
Miscellaneous Manufacture	0.88	0.99
Office/Business Equipment	2.33	3.31
Oil and Gas	-	1.32
Packaging & Containers	2.13	-
Pharmaceuticals	2.43	2.17
Real Estate	1.93	1.84
Real Estate Investment Trusts (REITS)	4.17	3.92
Retail	8.66	9.24
Telecommunications	4.58	5.10
Transportation	3.75	2.53
Portfolio of investments	95.35	96.67
Other net assets	4.65	3.33
Net assets attributable to unitholders	100.00	100.00

As the Fund invests wholly into Japanese equities, it is not meaningful to classify the investments into geography.

The accompanying notes form an integral part of these financial statements

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

1. General

Nikko AM Japan Dividend Equity Fund is a Singapore domiciled fund constituted under a Trust Deed dated 21 May 2013 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 Co., Ltd., domiciled in Japan.

There are currently eleven classes of units established within the Fund, namely the United States Dollar ("USD" or "US\$") Class Units (denominated in USD), the USD (Acc) Class Units (denominated in USD), the USD Hedged Class Units (denominated in USD), the USD Hedged Class B Units (denominated in USD), the USD Hedged (Acc) Class Units (denominated in USD), the Singapore Dollar ("SGD" or "S\$") Class Units (denominated in SGD), the SGD Hedged (Acc) Class Units (denominated in SGD), the SGD Class B Units (denominated in SGD), the SGD Hedged Class Units (denominated in SGD), the SGD Hedged Class B Units (denominated in SGD) and the Renminbi ("RMB") Class Units (denominated in RMB).

For the USD Hedged Class Units, the USD Hedged Class B Units and the USD Hedged (Acc) Class Units, the Managers intend to hedge the currency exposure of the assets of the Fund attributable to the USD Hedged Class Units, the USD Hedged Class B Units and to the USD Hedged (Acc) Class Units respectively, into USD through the use of currency forwards. The hedging of the currency will be conducted on a monthly basis. The net asset value ("NAV") per Unit of each of the USD Hedged Class, the USD Hedged Class B and the USD Hedged (Acc) Class will take into account any gains or losses arising from the use of the currency forwards in respect of the USD Hedged Class, the USD Hedged Class B and the USD Hedged (Acc) Class respectively.

For the SGD Hedged (Acc) Class Units, SGD Hedged Class Units and the SGD Hedged Class B Units, the Manager intend to hedge the currency exposure of the assets of the Fund attributable to the SGD Hedged (Acc) Class Units, SGD Hedged Class Units and the SGD Hedged Class B Units respectively into SGD through the use of currency forwards. The hedging of the currency will be conducted on a monthly basis. The NAV per Unit of the SGD Hedged (Acc) Class, SGD Hedged Class and the SGD Hedged Class B will take into account any gains or losses arising from the use of the currency forwards in respect of the SGD Hedged (Acc) Class, SGD Hedged Class and the SGD Hedged Class B respectively.

The USD Class, the USD Hedged Class, the USD Hedged Class B, the SGD Class, the SGD Hedged Class, the SGD Class B, the SGD Hedged Class B and the RMB Class each intends to make distributions to Holders. However, the USD (Acc) Class, the USD Hedged (Acc) Class and the SGD Hedged (Acc) Class will each not make any distributions to the Holders of the relevant class. The dividend and/or interest income and/or capital gains derived from the investments of the Fund that are attributable to each of these classes will be accumulated as part of the assets of the Fund that are attributable to the relevant class instead.

There are no material differences between the Classes of Units save for (i) the currency of denomination of each Class; (ii) the hedging features of the USD Hedged Class, the USD Hedged Class B, the USD Hedged (Acc) Class, the SGD Hedged (Acc) Class, the SGD Hedged Class and the SGD Hedged Class B; (iii) the annual management fee payable by each Class; (iv) the distribution policies applicable to the classes as described above and (v) the minimum initial and subsequent investment amounts.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

1. General (continued)

As of 31 December 2020, only units in the SGD Hedged Class, USD Hedged Class, SGD Class and SGD Hedged Class B 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 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) 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 is 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.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

(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-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.

(g) 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.

(h) Payables

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

(i) Cash and bank balances

Cash and bank balances comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

(j) 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 Fund's activities are substantially based in Singapore, with subscriptions and redemptions of the units of the Fund denominated in United States Dollar ("USD") and Singapore Dollar ("SGD").

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

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

(j) Foreign currency translation (continued)

(ii) *Transactions and balances*

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

(k) 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 company or the counterparty.

(l) 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 Deeds.

Financial derivatives outstanding at the end of the financial year 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 JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

3. Income tax

The Manager and Trustee of the Fund have assessed and are satisfied that the Fund has met the requisite conditions under the Designated Unit Trust (DUT) scheme for the current financial year. 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 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 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 fees, 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 31 December 2020 and 2019 comprises:

	2020 JPY'000	2019 JPY'000
Overseas income tax	46,964	62,548
	<u>46,964</u>	<u>62,548</u>

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

4. Receivables

	2020 JPY'000	2019 JPY'000
Receivable from unitholders for creation of units	97,147	36,840
Dividends receivable	16,140	30,021
	<u>113,287</u>	<u>66,861</u>

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

5. Payables

	2020	2019
	JPY'000	JPY'000
Payable to unitholders for cancellation of units	81,057	115,582
Amount due to the Manager	41,053	50,688
Amount due to the Trustee	855	1,040
Valuation fee payable	1,139	1,387
Registrar fee payable	52	54
Provision for audit fee	1,096	1,128
Custody fee payable	429	1,013
	125,681	170,892

Amount due to the Manager comprises management fee 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 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	
	2020	2019	2020	2019	2020	2019
	JPY'000	JPY'000	JPY'000	JPY'000	JPY'000	JPY'000
Forward foreign exchange contracts	9,823,430	10,185,991	64,437	25,127	170	11,815

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.

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

6. Financial derivatives (continued)

Financial assets and liabilities which are subject to enforceable master netting agreements or similar agreements for the year ended 31 December 2020 and 2019 are detailed in the following table.

(i) Offsetting financial assets

As at 31 December 2020 and 2019, there are no positions of financial assets which are subject to enforceable master netting agreements or similar agreements.

(ii) Offsetting financial liabilities

	Gross amounts of recognised financial liabilities JPY'000	Gross amounts of recognised financial assets set-off in the Statement of Financial Position JPY'000	Net amounts of financial liabilities presented in the Statement of Financial Position JPY'000	Related accounts not set-off in the Statement of Financial Position		
				Financial instruments JPY'000	Cash collateral JPY'000	Net exposure JPY'000
2020						
Forward foreign exchange contracts	170	-	170	-	-	170

	Gross amounts of recognised financial liabilities JPY'000	Gross amounts of recognised financial assets set-off in the Statement of Financial Position JPY'000	Net amounts of financial liabilities presented in the Statement of Financial Position JPY'000	Related accounts not set-off in the Statement of Financial Position		
				Financial instruments JPY'000	Cash collateral JPY'000	Net exposure JPY'000
2019						
Forward foreign exchange contracts	-	-	-	-	-	-

NIKKO AM JAPAN DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2020***7. Units in issue**

During the year ended 31 December 2020 and 2019, the number of units issued, redeemed and outstanding were as follows:

<u>SGD Hedged Class</u>	2020	2019
	'000	'000
Units at beginning of the financial year	66,369	73,035
Units created	35,619	24,303
Units cancelled	(25,179)	(30,969)
Units at end of the financial year	76,809	66,369
Net assets attributable to unitholders - JPY'000	6,923,435	6,872,705
Net asset value per unit - JPY	90.138	103.553
<u>USD Hedged Class</u>	2020	2019
	'000	'000
Units at beginning of the financial year	17,346	12,511
Units created	9,086	30,131
Units cancelled	(9,450)	(25,296)
Units at end of the financial year	16,982	17,346
Net assets attributable to unitholders - JPY'000	2,065,880	2,442,305
Net asset value per unit - JPY	121.651	140.799
<u>SGD Class</u>	2020	2019
	'000	'000
Units at beginning of the financial year	13,725	14,159
Units created	16,207	11,309
Units cancelled	(9,995)	(11,743)
Units at end of the financial year	19,937	13,725
Net assets attributable to unitholders - JPY'000	1,651,819	1,263,932
Net asset value per unit - JPY	82.852	92.090
<u>SGD Hedged Class B</u>	2020	2019
	'000	'000
Units at beginning of the financial year	7,382	-
Units created	6,359	8,226
Units cancelled	(2,284)	(844)
Units at end of the financial year	11,457	7,382
Net assets attributable to unitholders - JPY'000	880,102	645,173
Net asset value per unit - JPY	76.818	87.398

NIKKO AM JAPAN DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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:

<u>SGD Hedged Class</u>	2020	2019
	JPY'000	JPY'000
Net assets attributable to unitholders per financial statements per unit	90.138	103.553
Effects of distribution per unit	0.367	0.594
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	(0.066)	0.011
Net assets attributable to unitholders for issuing/redeeming per unit	90.439	104.158
<u>USD Hedged Class</u>	2020	2019
	JPY'000	JPY'000
Net assets attributable to unitholders per financial statements per unit	121.651	140.799
Effects of distribution per unit	0.495	0.812
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	(0.012)	0.399
Net assets attributable to unitholders for issuing/redeeming per unit	122.134	142.010
<u>SGD Class</u>	2020	2019
	JPY'000	JPY'000
Net assets attributable to unitholders per financial statements per unit	82.852	92.090
Effects of distribution per unit	0.336	0.538
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	0.004	0.009
Net assets attributable to unitholders for issuing/redeeming per unit	83.192	92.637
<u>SGD Hedged Class B</u>	2020	2019
	JPY'000	JPY'000
Net assets attributable to unitholders per financial statements per unit	76.818	87.398
Effects of distribution per unit	0.313	0.498
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	(0.055)	0.007
Net assets attributable to unitholders for issuing/redeeming per unit	77.076	87.903

^ 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 reporting period due to accrual of operating expenses.

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8. Distributions

	2020 JPY'000	2019 JPY'000
January interim distribution of US\$0.76 (USD Hedged Class), S\$0.75 (SGD Hedged Class), S\$0.66 (SGD Class) & S\$0.63 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2020	64,248	-
February interim distribution of US\$0.74 (USD Hedged Class), S\$0.73 (SGD Hedged Class), S\$0.67 (SGD Class) & S\$0.62 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2020	55,467	-
March interim distribution of US\$0.56 (USD Hedged Class), S\$0.55 (SGD Hedged Class), S\$0.52 (SGD Class) & S\$0.46 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2020	43,340	-
April interim distribution of US\$0.61 (USD Hedged Class), S\$0.60 (SGD Hedged Class), S\$0.57 (SGD Class) & S\$0.51 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2020	48,067	-
May interim distribution of US\$0.63 (USD Hedged Class), S\$0.61 (SGD Hedged Class), S\$0.59 (SGD Class) & S\$0.52 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2020	50,558	-
June interim distribution of US\$0.64 (USD Hedged Class), S\$0.63 (SGD Hedged Class), S\$0.59 (SGD Class) & S\$0.53 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2020	51,821	-
July interim distribution of US\$0.66 (USD Hedged Class), S\$0.64 (SGD Hedged Class), S\$0.60 (SGD Class) & S\$0.55 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2020	53,460	-
August interim distribution of US\$0.66 (USD Hedged Class), S\$0.65 (SGD Hedged Class), S\$0.60 (SGD Class) & S\$0.55 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2020	54,944	-
September interim distribution of US\$0.67 (USD Hedged Class), S\$0.65 (SGD Hedged Class), S\$0.61 (SGD Class) & S\$0.56 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2020	57,421	-
October interim distribution of US\$0.67 (USD Hedged Class), S\$0.65 (SGD Hedged Class), S\$0.61 (SGD Class) & S\$0.56 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2020	59,537	-
November interim distribution of US\$0.67 (USD Hedged Class), S\$0.66 (SGD Hedged Class), S\$0.61 (SGD Class) & S\$0.56 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2020	62,784	-
December final distribution of US\$0.48 (USD Hedged Class), S\$0.47 (SGD Hedged Class), S\$0.43 (SGD Class) & S\$0.40 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2020	46,915	-

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NOTES TO THE FINANCIAL STATEMENTS

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8. Distributions (continued)

	2020 JPY'000	2019 JPY'000
January interim distribution of US\$0.48 (USD Hedged Class), S\$0.48 (SGD Hedged Class) & S\$0.44 (SGD Class) per 100 units in respect of the financial year ended 31 December 2019	-	44,262
February interim distribution of US\$0.49 (USD Hedged Class), S\$0.49 (SGD Hedged Class) & S\$0.44 (SGD Class) per 100 units in respect of the financial year ended 31 December 2019	-	49,656
March interim distribution of US\$0.49 (USD Hedged Class), S\$0.49 (SGD Hedged Class) & S\$0.43 (SGD Class) per 100 units in respect of the financial year ended 31 December 2019	-	50,795
April interim distribution of US\$0.50 (USD Hedged Class), S\$0.50 (SGD Hedged Class) & S\$0.44 (SGD Class) per 100 units in respect of the financial year ended 31 December 2019	-	50,748
May interim distribution of US\$0.48 (USD Hedged Class), S\$0.48 (SGD Hedged Class), S\$0.44 (SGD Class) & S\$0.40 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2019	-	52,924
June interim distribution of US\$0.48 (USD Hedged Class), S\$0.48 (SGD Hedged Class), S\$0.44 (SGD Class) & S\$0.40 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2019	-	54,025
July interim distribution of US\$0.49 (USD Hedged Class), S\$0.49 (SGD Hedged Class), S\$0.45 (SGD Class) & S\$0.41 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2019	-	53,163
August interim distribution of US\$0.46 (USD Hedged Class), S\$0.45 (SGD Hedged Class), S\$0.43 (SGD Class) & S\$0.38 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2019	-	50,817
September interim distribution of US\$0.50 (USD Hedged Class), S\$0.49 (SGD Hedged Class), S\$0.45 (SGD Class) & S\$0.41 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2019	-	54,968
October interim distribution of US\$0.51 (USD Hedged Class), S\$0.50 (SGD Hedged Class), S\$0.46 (SGD Class) & S\$0.43 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2019	-	55,767
November interim distribution of US\$0.53 (USD Hedged Class), S\$0.53 (SGD Hedged Class), S\$0.48 (SGD Class) & S\$0.45 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2019	-	48,637
December final distribution of US\$0.75 (USD Hedged Class), S\$0.74 (SGD Hedged Class), S\$0.67 (SGD Class) & S\$0.62 (SGD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2019	-	64,570
	648,562	630,332

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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 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 primary objective is to provide a total return of capital growth and income over the medium to long-term by investing in equities listed and traded on the Tokyo Stock Exchange.

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's market price risk is managed through diversification of the investment portfolio across various industries in Japan. The Manager has assessed that the TOPIX Net Return Index (the "Index") will provide a suitable analysis of reasonable possible shifts of the fair value of the Fund's investments.

As at 31 December 2020, an increase/decrease of the index component within the Index by 18% (2019: 14%), with all other variables remaining constant, the net assets attributable to unitholders for the year would increase/decrease by approximately 15% (2019: 13%). 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.

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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 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 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 2020	SGD JPY'000	JPY JPY'000	USD JPY'000	Total JPY'000
Assets				
Portfolio of investments	-	10,985,963	-	10,985,963
Sales awaiting settlement	-	12,123	-	12,123
Receivables	84,271	16,140	12,876	113,287
Cash and bank balances	299,074	217,600	75,467	592,141
Total assets	383,345	11,231,826	88,343	11,703,514
Liabilities				
Payables	79,664	44,625	1,392	125,681
Purchases awaiting settlement	-	73,949	-	73,949
Distributions payable	38,509	-	8,406	46,915
Total liabilities	118,173	118,574	9,798	246,545
Net off-balance sheet derivative financial instruments	7,771,630	(9,755,889)	2,048,526	
Net currency exposure	8,036,802	1,357,363	2,127,071	

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9. Financial risk management (continued)

(c) Market risk - Currency risk (continued)

As at 31 December 2019	SGD JPY'000	JPY JPY'000	USD JPY'000	Total JPY'000
Assets				
Portfolio of investments	-	10,849,815	-	10,849,815
Sales awaiting settlement	-	15,514	-	15,514
Receivables	30,615	30,021	6,225	66,861
Cash and bank balances	217,803	285,199	72,457	575,459
Total assets	248,418	11,180,549	78,682	11,507,649
Liabilities				
Payables	113,519	55,310	2,063	170,892
Purchases awaiting settlement	-	61,384	-	61,384
Distributions payable	50,479	-	14,091	64,570
Total liabilities	163,998	116,694	16,154	296,846
Net off-balance sheet derivative financial instruments	7,736,535	(10,156,885)	2,433,662	
Net currency exposure	7,820,955	906,970	2,496,190	

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.

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 management's current view of market volatility and other relevant factors.

	Increase/decrease in foreign exchange rate (%)		Increase/decrease in net asset attributable to unitholders (%)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
SGD	7	7	5	5
USD	7	6	1	1

(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 securities are considered readily realisable, as the majority of the securities are listed on recognised stock exchanges.

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9. Financial risk management (continued)

(d) Liquidity risk (continued)

The Fund's financial liabilities are analysed using contractual undiscounted cash flows for maturity groupings based on the remaining year at the Statement of Financial Position date to the contractual maturity date. As at 31 December 2020 and 2019, 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 2020 JPY'000	As at 31 December 2019 JPY'000
Payables	125,681	170,892
Purchases awaiting settlement	73,949	61,384
Distributions payable	46,915	64,570
Contractual cash outflows (excluding gross settled derivatives)	246,545	296,846

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 2020 JPY'000	As at 31 December 2019 JPY'000
Currency forwards		
- Outflow	(2,048,696)	(2,445,477)
- Inflow	2,048,526	2,433,662
Net outflow	(170)	(11,815)

(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.

Although the Fund does not have a concentration of credit risk that arises from exposure to a single counterparty, the Fund has material exposure to Japan that might potentially be subjected to economic, political and regulatory risks.

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.

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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 bank balances 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 2020 and 2019.

	Credit rating as at 31 December 2020	Credit rating as at 31 December 2019	Source of credit rating
Bank balance			
- BNP Paribas Securities Services, operating through its Singapore Branch	A+	A+	Standard & Poor's
Financial derivatives			
- BNP Paribas Securities Services, operating through its Singapore Branch	N.A	A+	Standard & Poor's
- Citibank N.A. Singapore Branch	N.A	BBB+	Standard & Poor's
- JP Morgan Chase & Company	A-	N.A	Standard & Poor's
- Standard Chartered Bank	BBB+	N.A	Standard & Poor's
Custodian			
- BNP Paribas Securities Services, operating through its 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.

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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 2020 and 2019:

As at 31 December 2020	Level 1 JPY'000	Level 2 JPY'000	Level 3 JPY'000	Total JPY'000
Assets				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted equities	10,505,533	-	-	10,505,533
- Quoted real estate investment trusts	480,430	-	-	480,430
- Financial derivatives at fair value	-	64,437	-	64,437
	10,985,963	64,437	-	11,050,400
Liabilities				
Financial liabilities designated at fair value through profit or loss at inception:				
- Financial derivatives at fair value	-	170	-	170
As at 31 December 2019	Level 1 JPY'000	Level 2 JPY'000	Level 3 JPY'000	Total JPY'000
Assets				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted equities	10,409,464	-	-	10,409,464
- Quoted real estate investment trusts	440,351	-	-	440,351
- Financial derivatives at fair value	-	25,127	-	25,127
	10,849,815	25,127	-	10,874,942
Liabilities				
Financial liabilities designated at fair value through profit or loss at inception:				
- Financial derivatives at fair value	-	11,815	-	11,815

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

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NOTES TO THE FINANCIAL STATEMENTS

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9. Financial risk management (continued)

(g) Fair value estimation (continued)

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. These include over-the-counter derivatives.

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 2020 and 2019 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.

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 year between the Fund and related party at terms agreed between the parties and within the provisions of the Deeds:

	2020 JPY'000	2019 JPY'000
Bank balances held with related party of the Trustee	<u>592,141</u>	575,459

11. Financial ratios

Expense ratio

		2020	2019
<u>SGD Hedged Class</u>			
Total operating expenses	JPY'000	97,901	122,009
Average daily net asset value	JPY'000	5,905,647	7,103,603
Total expense ratio¹	%	<u>1.66</u>	1.72

		2020	2019
<u>USD Hedged Class</u>			
Total operating expenses	JPY'000	30,462	62,812
Average daily net asset value	JPY'000	1,835,598	3,665,843
Total expense ratio¹	%	<u>1.66</u>	1.71

		2020	2019
<u>SGD Class</u>			
Total operating expenses	JPY'000	20,245	21,369
Average daily net asset value	JPY'000	1,223,602	1,246,531
Total expense ratio¹	%	<u>1.65</u>	1.71

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11. Financial ratios (continued)

Expense ratio (continued)

		2020	2019
<u>SGD Hedged Class B</u>			
Total operating expenses	JPY'000	5,353	2,822
Average daily net asset value	JPY'000	622,266	419,796
Total expense ratio¹ (annualised)	%	0.86	0.95

Turnover ratio

		2020	2019
Lower of total value of purchases or sales	JPY'000	8,329,221	8,989,592
Average daily net asset value	JPY'000	9,587,113	12,435,773
Total turnover ratio²	%	86.88	72.29

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.

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REPORT TO UNITHOLDERS

For the financial year ended 31 December 2020

The following contains additional information relating to the Fund.

1. Distribution of investments

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

2. Credit rating of debt securities

Nil.

3. Top 10 holdings

10 Largest holdings at 31 December 2020

	Fair value JPY'000	Percentage of total net assets attributable to unitholders %
Denso Corporation	284,004	2.47
Itochu Corporation	281,284	2.44
Kyowa Exeo Corporation	279,942	2.43
Astellas Pharma Incorporated	279,747	2.43
Nichias Corporation	278,547	2.42
KDDI Corporation	277,780	2.41
Daiwa House Industry Company Limited	275,147	2.39
Otsuka Corporation	271,955	2.36
Kumagai Gumi Company Limited	271,491	2.36
DCM Holdings Company Limited	270,227	2.35

10 Largest holdings at 31 December 2019

	Fair value JPY'000	Percentage of total net assets attributable to unitholders %
Tokio Marine Holdings Incorporated	294,936	2.63
Orix Corporation	293,020	2.61
Itochu Corporation	289,693	2.58
Kumagai Gumi Company Limited	287,379	2.56
Nippon Telegraph & Telephone Corporation	287,279	2.56
NTT Docomo Incorporated	284,661	2.54
Senko Group Holdings Company Limited	284,285	2.53
Inaba Denki Sangyo Company Limited	283,282	2.52
Resorttrust Incorporated	283,073	2.52
Daiwa House Industry Company Limited	276,963	2.47

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REPORT TO UNITHOLDERS

For the financial year ended 31 December 2020

4. Exposure to financial derivatives

	Fair value at 31 December 2020 JPY'000	Percentage of total net assets attributable to unitholders 31 December 2020 %	Unrealised gains/(losses) JPY'000	Realised gains/(losses) JPY'000
Forward foreign exchange contracts	<u>64,267</u>	<u>0.56</u>	<u>64,267</u>	<u>(340,958)</u>

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:

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

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 16 to 19.

9. Borrowings

Nil.

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REPORT TO UNITHOLDERS

For the financial year ended 31 December 2020

10. Amount of units created and cancelled for the financial year ended 31 December 2020

	JPY'000
Units created	5,976,029
Units cancelled	(4,409,357)

11. Turnover ratio

Please refer to Note 11 of the Notes to the Financial Statements on page 38.

12. Expense ratio

Please refer to Note 11 of the Notes to the Financial Statements on page 37 to 38.

13. Related party transactions

Please refer to Note 10 of the Notes to the Financial Statements on page 37.

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 and the Sub-Managers currently do not receive or enter into any soft dollar commissions or arrangements.

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