

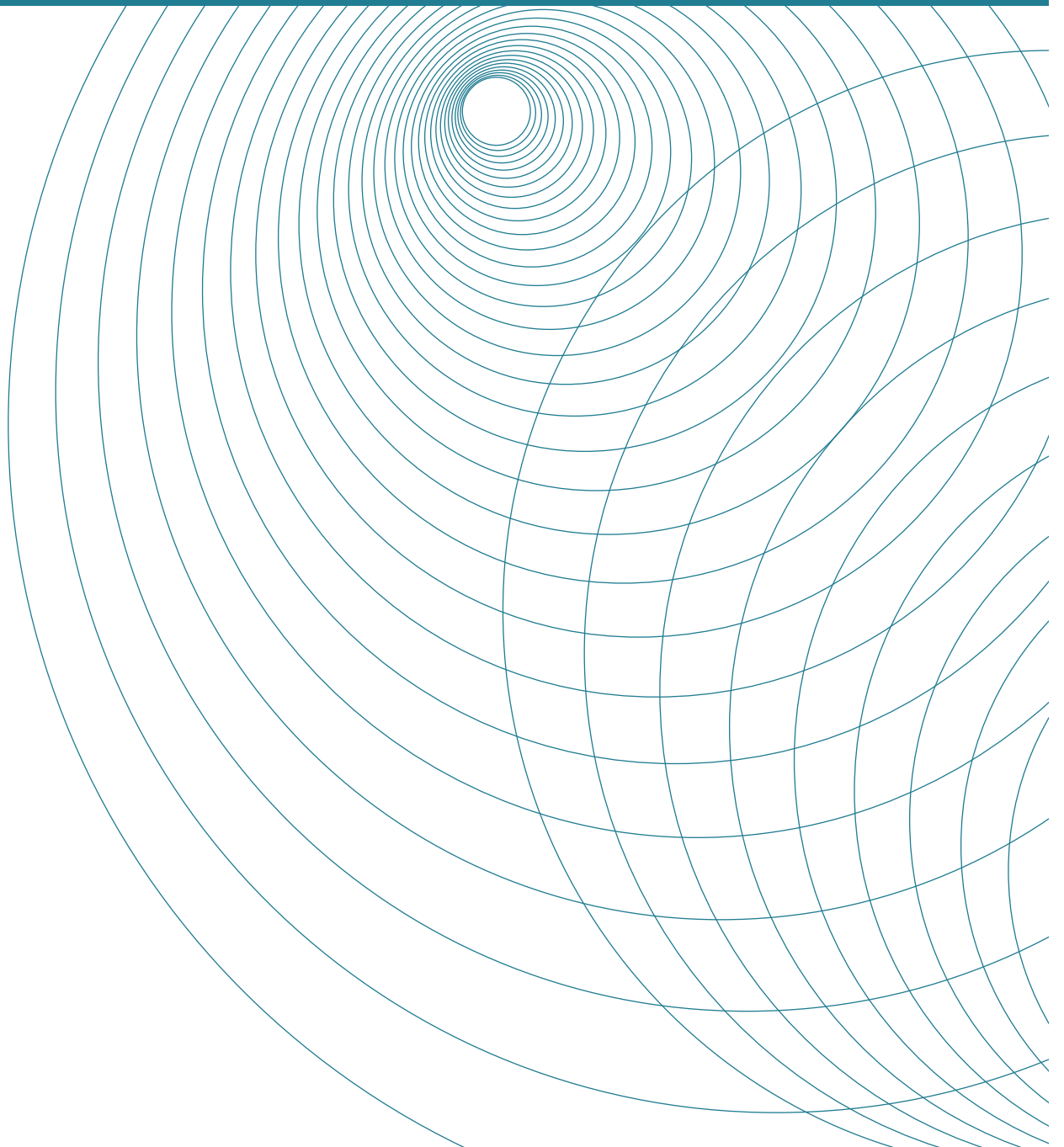
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# **SEMI-ANNUAL REPORT**

## **Nikko AM Shenton Asia Bond Fund**

**Financial period ending 31 December 2023**

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### **MANAGERS**

Nikko Asset Management Asia Limited  
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Company Registration No. 198202562H

### **DIRECTORS OF THE MANAGERS**

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### **TRUSTEE & REGISTRAR**

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### **CUSTODIAN**

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

## PERFORMANCE SUMMARY

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Shenton Asia Bond Fund SGD Class A <sup>1</sup>	2.58	1.05	2.55	-3.16	0.30	1.28	1.19
Nikko AM Shenton Asia Bond Fund SGD Class B <sup>1</sup>	2.54	1.11	2.79	-3.00	0.51	1.57	1.48
Benchmark <sup>2</sup>	2.95	1.87	4.06	-1.80	1.85	3.01	N/A

Source: Nikko Asset Management Asia Limited & Markit Indices Limited. Returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Shenton Asia Bond Fund SGD Class A <sup>1</sup>	-2.55	-4.00	-2.58	-4.80	-0.73	0.77	0.91
Nikko AM Shenton Asia Bond Fund SGD Class B <sup>1</sup>	-2.58	-3.94	-2.35	-4.64	-0.52	1.05	1.20
Benchmark <sup>2</sup>	2.95	1.87	4.06	-1.80	1.85	3.01	N/A

Source: Nikko Asset Management Asia Limited & Markit Indices Limited. Returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Shenton Asia Bond Fund USD Class A <sup>1</sup>	5.99	3.67	4.28	-3.10	0.97	0.86	2.48
Nikko AM Shenton Asia Bond Fund USD Class B <sup>1</sup>	6.15	3.79	4.54	-2.90	1.19	1.15	2.77
Benchmark <sup>2</sup>	6.53	4.51	5.81	-1.74	2.52	2.56	N/A

Source: Nikko Asset Management Asia Limited & Markit Indices Limited. Returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, USD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Shenton Asia Bond Fund USD Class A <sup>1</sup>	0.69	-1.51	-0.94	-4.74	-0.06	0.34	2.20
Nikko AM Shenton Asia Bond Fund USD Class B <sup>1</sup>	0.85	-1.40	-0.68	-4.55	0.16	0.63	2.49
Benchmark <sup>2</sup>	6.53	4.51	5.81	-1.74	2.52	2.56	N/A

Source: Nikko Asset Management Asia Limited & Markit Indices Limited. Returns as at 31 December 2023. 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.

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## **Inception date: 1 August 2005**

### **Note:**

- (1) With effect from 17 October 2011, the Trust (formerly known as “DBSAM Investment Funds”) has been renamed Nikko AM Asia Investment Funds and the Fund (formerly known as “DBS Asia Bond Fund”) has been renamed Nikko AM Shenton Asia Bond Fund.
- (2) With effect from 1 October 2011, the HSBC Asian Local Bond Index (ALBI) Index has been designated as the benchmark against which the Fund’s performance will be measured. Prior to that, there was no benchmark for the Fund as it was managed on a total return basis.

With effect from 20 April 2016, the calculation and publication of the HSBC Asian Local Bond Index (ALBI) has ceased and the benchmark is replaced with the Markit iBoxx Asian Local Bond Index (ALBI).

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## **Portfolio Review**

### ***Fund rose in the six months ended December 2023***

The Nikko AM Shenton Asia Bond Fund (the “Fund”) posted a return of 1.05% (in SGD terms, on a NAV-NAV basis) for the six months ended 31 December 2023. Our exposure in South Korea, Singapore, Thailand and Malaysia contributed positively to returns, while holdings in China and Indonesia weighed negatively on returns.

## **Market Review**

### ***A volatile six months for US Treasuries (USTs)***

UST yields experienced significant volatility in the last six months of 2023. Yields initially surged, on fears that the US Federal Reserve (Fed) will keep borrowing rates elevated for a prolonged period. Higher UST funding needs and credit rating agency Fitch Ratings’ downgrade of the US government’s debt rating further sustained the upward pressure on yields. Meanwhile, Russia and Saudi Arabia announced they were extending voluntary oil supply cuts to the year-end, raising oil prices. This added to worries about inflation and economic policy, impacting demand for Treasury bonds. As data pointed to continued resiliency in the US economy, the 10-year point on the UST yield curve reached a 16-year high of 5.02%.

In November, the Fed held steady on rates for a second straight time, while various data points signalled an economic slowdown. These, together with the announcement of a smaller-than-expected UST refunding requirement, triggered a rally in risk assets and Treasury bonds. The subsequent shift in tone from Fed governors Christopher Waller and Michelle Bowman—officials who were among the most hawkish policymakers—fuelled another leg down in UST yields. The Fed held benchmark rates unchanged again

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in December and acknowledged that growth and inflation were slowing and suggested that the policy rate was at or close to its peak level. The dot plot also showed members expecting 75 basis points (bps) worth of rate cuts over 2024, 100 bps over 2025, and an additional 75 bps over 2026. This dovish pivot, together with increased expectations of a US economic slowdown prompted UST yields to continue their sharp descent. Overall, the benchmark 10-year UST yield settled at 3.88% at the end of the period, up 4 bps compared to end-June 2023.

***Asian government bonds mostly rose while currencies registered mixed performances against the US dollar***

Fed expectations was the primary driver of Asian government bond moves over the period. At the end of six months, yields of Asian government bonds mostly fell, on increasing expectations that Fed policy easing was finally approaching. On a total return basis, South Korean government bonds outperformed, while Thai government bonds underperformed. Demand for Indian government bonds was buoyed by news of the inclusion of India government bonds in J.P. Morgan's widely-tracked Global Bond Index–Emerging Markets (GBI-EM) family of indices. Meanwhile, currencies in the region registered mixed performances against the US dollar, with the Thai baht outperforming and Indonesian rupiah underperforming.

***Headline inflation prints mostly moderated over the period***

Headline inflation prints across the region largely moderated in the six months, helped in part by the deceleration of energy and food price inflation. In the latest reading, headline Consumer Price Index (CPI) inflation in Thailand printed -0.83% year-on-year (YoY) in December 2023, down from 0.23% in June 2023. In Singapore, the December CPI registered 3.7%, easing from a 4.5% rise in June 2023. Inflationary pressures in Indonesia similarly moderated, with overall CPI coming in at 2.61% YoY in December 2023, from 3.52% in June. In contrast, inflationary pressures in South Korea and India accelerated over the period, with headline CPI readings rising to 3.2% and 5.59% YoY respectively in December 2023 from 2.7% and 4.87% in June 2023.

***Central banks took divergent monetary paths***

During the review period, monetary authorities in Thailand, Indonesia and the Philippines continued to tighten monetary policy. The Bank of Thailand raised its key rate by a total of 50 bps to 2.50%, with the belief that the policy rate is now at a “neutral” level. In October, Bank Indonesia increased rates by 25 bps, with Governor Perry Warjiyo declaring that the move was a “pre-emptive, forward-looking” measure to address imported inflation risks and stabilise the Indonesian rupiah. Separately, the Bangko Sentral ng Pilipinas’ announced an off-cycle 25 bps rate hike in the same month, “to prevent supply-side price pressures from inducing additional second-round effects and further dislodging inflation expectations”.

On the other hand, central banks in South Korea, India and Malaysia maintained their policy rates over the six months. The Monetary Authority of Singapore also opted to keep the Singapore Dollar Nominal Effective Exchange Rate (SGDNEER) slope, centre and band width unchanged during this period.

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## **Market Outlook & Strategy**

### ***2024 to be a year of higher returns and lower volatility for Asian local government bonds***

2024 is likely to be a year of higher returns and lower volatility for Asian local government bonds with UST yields expected to stabilise and start easing. We expect sentiment toward Asia's bond markets to turn increasingly positive, attracting capital inflows and providing technical support (through portfolio inflows) that was largely lacking in 2023. We have an upbeat view of long Indian government bonds due to their attractive carry and favourable technicals. The inclusion of Indian government bonds into JP Morgan's Government Bond Index-Emerging Markets Index (GBI-EM) from June 2024 is expected to provide support for these bonds.

We believe the broad theme of stronger Asian currencies versus the dollar will dominate in 2024, as we see waning demand for the greenback as the Fed rate hiking cycle comes to an end. The key downside risks to our investment thesis include higher-than-expected energy prices and greater geopolitical uncertainty.

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**Past performance or any prediction, projection or forecast is not indicative of future performance. The Fund or any underlying fund may use or invest in financial derivative instruments.** The value of units and income from them may fall or rise. Investments in the Fund are subject to investment risks, including the possible loss of principal amount invested. You should read the relevant prospectus (including the risk warnings) and product highlights sheet of the Fund, which are available and may be obtained from appointed distributors of Nikko AM Asia or our website ([www.nikkoam.com.sg](http://www.nikkoam.com.sg)) before deciding whether to invest in the Fund.

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(Where relevant – for funds included under CPFIS) 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 only be offered to professional investors in Hong Kong and is not authorised by the Securities and Futures Commission. 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 SHENTON ASIA BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial period from 01 July 2023 to 31 December 2023 (unaudited)*

	<b>31 December 2023</b>	31 December 2022
	<b>S\$</b>	S\$
<b>Income</b>		
Dividends	-	8,741
Interest on cash and cash equivalents	<b>11,371</b>	9,571
	<b>11,371</b>	18,312
<b>Less: Expenses</b>		
Management fee	<b>138,057</b>	139,485
Management fee rebate	<b>(1,218)</b>	(2,356)
Transfer agent fee	<b>9,580</b>	11,030
Trustee fee	<b>6,615</b>	6,689
Custody fee	<b>6,140</b>	4,569
Audit fee	<b>8,748</b>	7,513
Valuation fee	<b>7,441</b>	7,526
Transaction costs	<b>11,429</b>	18,660
Other expenses	<b>30,223</b>	43,987
	<b>217,015</b>	237,103
<b>Net losses</b>	<b>(205,644)</b>	(218,791)
<b>Net gains or losses on value of investments and financial derivatives</b>		
Net gains/(losses) on investments	<b>780,924</b>	(739,430)
Net foreign exchange losses	<b>(39,646)</b>	(78,075)
Net (losses)/gains on financial derivatives	<b>(104,829)</b>	21,446
	<b>636,449</b>	(796,059)
<b>Total return/(deficit) for the financial period before income tax</b>	<b>430,805</b>	(1,014,850)
<b>Less: Income tax</b>	<b>(50,600)</b>	(27,494)
<b>Total return/(deficit) for the financial period after income tax</b>	<b>380,205</b>	(1,042,344)



**NIKKO AM SHENTON ASIA BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF FINANCIAL POSITION***As at 31 December 2023 (unaudited)*

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	<b>31 December 2023</b>	30 June 2023
	<b>S\$</b>	S\$
<b>ASSETS</b>		
Portfolio of investments	<b>32,498,800</b>	32,809,151
Sales awaiting settlement	-	433,547
Receivables	<b>191,910</b>	83,459
Cash and cash equivalents	<b>1,136,027</b>	659,401
Margin accounts	<b>6,183</b>	59,657
Financial derivatives at fair value	<b>47,531</b>	144,214
<b>Total assets</b>	<b>33,880,451</b>	34,189,429
<b>LIABILITIES</b>		
Payables	<b>242,752</b>	173,438
Distribution payable	<b>702,644</b>	702,411
Financial derivatives at fair value	<b>65,552</b>	134,633
<b>Total liabilities</b>	<b>1,010,948</b>	1,010,482
<b>EQUITY</b>		
Net assets attributable to unitholders	<b>32,869,503</b>	33,178,947

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**NIKKO AM SHENTON ASIA BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial period from 01 July 2023 to 31 December 2023 (unaudited)*

	<b>31 December 2023</b>	30 June 2023
	<b>S\$</b>	S\$
<b>Net assets attributable to unitholders at the beginning of the financial period/year</b>	<b>33,178,947</b>	34,847,729
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	<b>380,205</b>	(552,012)
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	<b>730,636</b>	3,919,935
Cancellation of units	<b>(717,778)</b>	(3,673,117)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	<b>12,858</b>	246,818
Distributions	<b>(702,507)</b>	(1,363,588)
Total decreases in net assets attributable to unitholders	<b>(309,444)</b>	(1,668,782)
<b>Net assets attributable to unitholders at the end of the financial period/year</b>	<b>32,869,503</b>	33,178,947

**NIKKO AM SHENTON ASIA BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2023 (unaudited)***By Geography (Primary)**

	Holdings at 31 December 2023	Fair value at 31 December 2023 S\$	Percentage of total net assets attributable to unitholders at 31 December 2023 %
<b>Quoted Fixed Income Securities</b>			
<b>BRITISH VIRGIN ISLANDS</b>			
Huarong Finance 2017 Company Limited 3.8% due 07/11/2025	500,000	472,733	1.44
<b>Total BRITISH VIRGIN ISLANDS</b>		<b>472,733</b>	<b>1.44</b>
<b>CHINA</b>			
China Government Bond 2.75% due 17/02/2032	5,000,000	938,393	2.85
China Government Bond 2.8% due 24/03/2029	5,000,000	941,715	2.87
China Government Bond 3.32% due 15/04/2052	6,000,000	1,201,187	3.65
<b>Total CHINA</b>		<b>4,267,608</b>	<b>9.37</b>
<b>HONG KONG SAR</b>			
Far East Horizon Limited 4.7% due 09/02/2024	5,000,000	923,393	2.81
Hong Kong Government Bond 2.07% due 26/08/2026	1,000,000	164,399	0.50
Hong Kong Government Bond 2.48% due 28/02/2029	2,000,000	331,009	1.01
Hong Kong Government Bond 2.49% due 22/08/2028	5,000,000	828,932	2.52
<b>Total HONG KONG SAR</b>		<b>2,247,633</b>	<b>6.84</b>
<b>INDIA</b>			
India Government Bond 6.67% due 15/12/2035	40,000,000	604,786	1.84
India Government Bond 6.79% due 15/05/2027	15,000,000	235,433	0.72
India Government Bond 7.06% due 10/04/2028	40,000,000	632,863	1.93
India Government Bond 7.57% due 17/06/2033	60,000,000	973,614	2.96
<b>Total INDIA</b>		<b>2,446,696</b>	<b>7.45</b>
<b>INDONESIA</b>			
Indonesia Treasury Bond 6.625% due 15/02/2034	27,500,000,000	2,373,639	7.22
Indonesia Treasury Bond 6.875% due 15/08/2051	3,000,000,000	257,467	0.78
Indonesia Treasury Bond 7.125% due 15/06/2042	4,000,000,000	355,904	1.08
Indonesia Treasury Bond 7.125% due 15/06/2043	2,000,000,000	177,883	0.54
Indonesia Treasury Bond 7.5% due 15/04/2040	2,000,000,000	183,351	0.56
<b>Total INDONESIA</b>		<b>2,873,801</b>	<b>10.18</b>
<b>MALAYSIA</b>			
Malaysia Government Bond 3.519% due 20/04/2028	900,000	257,874	0.78
Malaysia Government Bond 3.844% due 15/04/2033	2,900,000	833,758	2.54
Malaysia Government Bond 4.254% due 31/05/2035	1,300,000	384,002	1.17
Malaysia Government Bond 4.642% due 07/11/2033	2,000,000	616,889	1.88
Malaysia Government Bond 4.696% due 15/10/2042	1,000,000	309,485	0.94
Malaysia Government Bond 4.762% due 07/04/2037	2,500,000	773,778	2.35
Malaysia Government Investment Issue 5.357% due 15/05/2052	980,000	329,088	1.00
<b>Total MALAYSIA</b>		<b>3,504,874</b>	<b>10.66</b>
<b>PHILIPPINES</b>			
Philippine Government Bond 4.875% due 20/01/2032	10,000,000	221,280	0.67
Philippine Government Bond 5.75% due 07/03/2028	28,000,000	662,079	2.01
Philippine Government Bond 6.625% due 17/08/2033	16,000,000	399,757	1.22
Philippine Government Bond 7.25% due 23/06/2032	35,000,000	901,419	2.74
<b>Total PHILIPPINES</b>		<b>2,184,535</b>	<b>6.64</b>

**NIKKO AM SHENTON ASIA BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2023 (unaudited)***By Geography (Primary) (continued)**

	Holdings at 31 December 2023	Fair value at 31 December 2023 S\$	Percentage of total net assets attributable to unitholders at 31 December 2023 %
<b>Quoted Fixed Income Securities (continued)</b>			
<b>SINGAPORE</b>			
Singapore Government Bond 1.25% due 01/11/2026	1,000,000	955,000	2.91
Singapore Government Bond 1.875% due 01/03/2050	150,000	126,525	0.39
Singapore Government Bond 1.875% due 01/10/2051	150,000	126,225	0.38
Singapore Government Bond 2.25% due 01/08/2036	100,000	95,000	0.29
Singapore Government Bond 2.375% due 01/07/2039	150,000	142,845	0.43
Singapore Government Bond 2.625% due 01/05/2028	1,600,000	1,597,920	4.86
Singapore Government Bond 2.625% due 01/08/2032	100,000	99,370	0.30
Singapore Government Bond 2.75% due 01/03/2046	100,000	100,000	0.30
Singapore Government Bond 2.75% due 01/04/2042	50,000	50,035	0.15
Singapore Government Bond 2.875% due 01/07/2029	150,000	151,230	0.46
Singapore Government Bond 3% due 01/08/2072	230,000	246,905	0.75
Singapore Government Bond 3.375% due 01/09/2033	1,000,000	1,057,300	3.22
Starhub Limited 3.95% due 31/12/2049	250,000	240,985	0.73
<b>Total SINGAPORE</b>		<b>4,989,340</b>	<b>15.17</b>
<b>SOUTH KOREA</b>			
Korea Treasury Bond 1.5% due 10/09/2036	1,600,000,000	1,357,108	4.13
Korea Treasury Bond 1.5% due 10/12/2030	350,000,000	321,154	0.98
Korea Treasury Bond 2.25% due 10/06/2025	400,000,000	403,819	1.23
Korea Treasury Bond 2.5% due 10/03/2052	1,150,000,000	1,051,464	3.20
Korea Treasury Bond 3.25% due 10/03/2028	1,000,000,000	1,028,813	3.13
Korea Treasury Bond 3.375% due 10/06/2032	200,000,000	207,712	0.63
<b>Total SOUTH KOREA</b>		<b>4,370,070</b>	<b>13.30</b>
<b>SUPRANATIONAL</b>			
European Bank for Reconstruction & Development 6.3% due 26/10/2027	50,000,000	782,816	2.38
<b>Total SUPRANATIONAL</b>		<b>782,816</b>	<b>2.38</b>
<b>THAILAND</b>			
Thailand Government Bond 2% due 17/06/2042	15,000,000	492,971	1.50
Thailand Government Bond 2% due 17/12/2031	17,000,000	627,848	1.91
Thailand Government Bond 2.65% due 17/06/2028	11,000,000	429,129	1.31
Thailand Government Bond 3.35% due 17/06/2033	21,000,000	857,439	2.61
Thailand Government Bond 3.39% due 17/06/2037	19,000,000	778,338	2.37
<b>Total THAILAND</b>		<b>3,185,725</b>	<b>9.70</b>
<b>Accrued interest receivable on quoted fixed income securities</b>		<b>268,243</b>	<b>0.82</b>
<b>Total Quoted Fixed Income Securities</b>		<b>30,882,204</b>	<b>93.95</b>

**NIKKO AM SHENTON ASIA BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2023 (unaudited)***By Geography (Primary) (continued)**

	<b>Holdings at 31 December 2023</b>	<b>Fair value at 31 December 2023 S\$</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2023 %</b>
<b>Quoted Investment Fund</b>			
<b>SINGAPORE</b>			
NikkoAM-ICBCSG China Bond ETF	1,550,000	1,616,596	4.92
<b>Total SINGAPORE</b>		<u>1,616,596</u>	<u>4.92</u>
<b>Total Quoted Investment Fund</b>		<u>1,616,596</u>	<u>4.92</u>
<b>Portfolio of investments</b>		32,498,800	98.87
<b>Other net assets</b>		370,703	1.13
<b>Net assets attributable to unitholders</b>		<u>32,869,503</u>	<u>100.00</u>

**NIKKO AM SHENTON ASIA BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2023 (unaudited)***By Geography (Summary)**

	<b>Percentage of total net assets attributable to unitholders at 31 December 2023 %</b>	Percentage of total net assets attributable to unitholders at 30 June 2023 %
<b>Quoted Fixed Income Securities</b>		
Australia	-	3.02
Britain	-	1.51
British Virgin Islands	<b>1.44</b>	-
China	<b>9.37</b>	9.16
Hong Kong SAR	<b>6.84</b>	9.50
India	<b>7.45</b>	5.71
Indonesia	<b>10.18</b>	12.64
Malaysia	<b>10.66</b>	7.32
Philippines	<b>6.64</b>	9.74
Singapore	<b>15.17</b>	8.52
South Korea	<b>13.30</b>	15.95
Supranational	<b>2.38</b>	2.43
Thailand	<b>9.70</b>	7.80
Accrued interest receivables on quoted fixed income securities	<b>0.82</b>	0.77
<b>Total Quoted Fixed Income Securities</b>	<b>93.95</b>	<b>94.07</b>
<b>Quoted Investment Fund</b>		
Singapore	<b>4.92</b>	4.82
<b>Total Quoted Investment Fund</b>	<b>4.92</b>	<b>4.82</b>
<b>Portfolio of investments</b>	<b>98.87</b>	98.89
<b>Other net assets</b>	<b>1.13</b>	1.11
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

**NIKKO AM SHENTON ASIA BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2023 (unaudited)*

<b>By Industry (Secondary)</b>	<b>Fair value at 31 December 2023 S\$</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2023 %</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2023 %</b>
Banks	-	-	4.52
Debt Fund	1,616,596	4.92	4.82
Diversified Financial Services	923,293	2.81	2.74
Engineering and Construction	-	-	1.39
Investment Companies	472,733	1.44	-
Multi-National	782,816	2.38	2.43
Real Estate	-	-	2.50
Sovereign	28,194,134	85.77	79.01
Telecommunications	240,985	0.73	0.71
Accrued interest receivables on quoted fixed income securities	268,243	0.82	0.77
<b>Portfolio of investments</b>	<b>32,498,800</b>	<b>98.87</b>	<b>98.89</b>
<b>Other net assets</b>	<b>370,703</b>	<b>1.13</b>	<b>1.11</b>
<b>Net assets attributable to unitholders</b>	<b>32,869,503</b>	<b>100.00</b>	<b>100.00</b>

## NIKKO AM SHENTON ASIA BOND FUND

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

### REPORT TO UNITHOLDERS

For the financial period from 01 July 2023 to 31 December 2023 (unaudited)

The following contains additional information relating to the Fund.

#### 1. Distribution of investments

Please refer to the Statement of Portfolio on pages 10 to 14.

#### 2. Credit rating of debt securities

	Fair value at 31 December 2023 S\$	Percentage of total net assets attributable to unitholders at 31 December 2023 %
Aaa*	4,748,355	14.45
A3	1,217,760	3.70
Ba1*-	472,733	1.44
Baa2	221,280	0.67
Not rated**	23,953,833	72.87
Accrued interest receivables on quoted fixed income securities	268,243	0.82
<b>Total</b>	<b>30,882,204</b>	<b>93.95</b>

\* The balance includes securities that are issued by government agencies of governments that have a Aaa rating as rated by Moody's.

\*\* Not rated securities are supported by internal and other rating agencies credit ratings but are not disclosed due to licencing restrictions.

#### 3. Top 10 holdings

##### 10 Largest holdings at 31 December 2023

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Indonesia Treasury Bond 6.625% due 15/02/2034	2,373,639	7.22
NikkoAM-ICBCSG China Bond ETF	1,616,596	4.92
Singapore Government Bond 2.625% due 01/05/2028	1,597,920	4.86
Korea Treasury Bond 1.5% due 10/09/2036	1,357,108	4.13
China Government Bond 3.32% due 15/04/2052	1,201,187	3.65
Singapore Government Bond 3.375% due 01/09/2033	1,057,300	3.22
Korea Treasury Bond 2.5% due 10/03/2052	1,051,464	3.20
Korea Treasury Bond 3.25% due 10/03/2028	1,028,813	3.13
India Government Bond 7.57% due 17/06/2033	973,614	2.96
Singapore Government Bond 1.25% due 01/11/2026	955,000	2.91



## NIKKO AM SHENTON ASIA BOND FUND

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

### REPORT TO UNITHOLDERS

For the financial period from 01 July 2023 to 31 December 2023 (unaudited)

#### 3. Top 10 holdings (continued)

10 Largest holdings at 31 December 2022	Fair value S\$	Percentage of total net assets attributable to unitholders %
NikkoAM-ICBCSG China Bond ETF	1,631,519	5.20
Korea Treasury Bond 1.5% due 10/09/2036	1,300,432	4.15
Korea Treasury Bond 3.375% due 10/06/2032	1,237,627	3.95
Hong Kong Government Bond 2.48% due 28/02/2029	1,047,602	3.34
India Government Bond 7.57% due 17/06/2033	987,159	3.15
China Government Bond 3.02% due 27/05/2031	981,548	3.13
China Government Bond 2.8% due 24/03/2029	969,172	3.09
China Government Bond 2.44% due 15/10/2027	961,426	3.07
China Government Bond 2.75% due 17/02/2032	959,720	3.06
Thailand Government Bond 2% due 17/06/2042	938,839	2.99

#### 4. Exposure to financial derivatives

	Fair value at 31 December 2023 S\$	Percentage of total net assets attributable to unitholders at 31 December 2023 %	Unrealised gains/(losses) S\$	Realised gains/(losses) S\$
Forward foreign exchange contracts	(18,021)	(0.05)	(18,021)	(47,808)
Swaps	-	-	-	(39,000)

#### 5. Global exposure to financial derivatives

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

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

## NIKKO AM SHENTON ASIA BOND FUND

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

### REPORT TO UNITHOLDERS

For the financial period from 01 July 2023 to 31 December 2023 (unaudited)

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#### 6. Collateral

	31 December 2023 S\$	30 June 2023 S\$
Margin accounts	<u>6,183</u>	<u>59,657</u>

Margin account represents margin deposits held in respect of open exchange-traded futures contracts held with BNP Paribas, acting through its Singapore Branch. As at 31 December 2023 and 30 June 2023, there was no open exchange-traded futures contracts.

#### 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 10 to 14.

#### 9. Borrowings

Nil.

#### 10. Amount of units created and cancelled for the financial period ended 31 December 2023

	S\$
Units created	730,636
Units cancelled	(717,778)

#### 11. Turnover ratio

	31 December 2023	31 December 2022
Lower of total value of purchases or sales	S\$ 54,160,442	47,915,748
Average daily net asset value	S\$ 32,794,646	33,159,861
<b>Total turnover ratio<sup>1</sup></b>	<b>% <u>165.15</u></b>	<b>144.50</b>

<sup>1</sup> The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, divided by the average daily net asset value.

## NIKKO AM SHENTON ASIA BOND FUND

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

### REPORT TO UNITHOLDERS

For the financial period from 01 July 2023 to 31 December 2023 (unaudited)

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#### 12. Expense ratio

		<b>31 December 2023</b>	31 December 2022
<b><u>SGD Class A</u></b>			
Total operating expenses	S\$	<b>76,342</b>	72,927
Average daily net asset value	S\$	<b>5,401,536</b>	5,224,583
<b>Total expense ratio<sup>2</sup></b>	<b>%</b>	<b>1.41</b>	1.40
		<b>31 December 2023</b>	31 December 2022
<b><u>USD Class A</u></b>			
Total operating expenses	S\$	<b>3,800</b>	3,819
Average daily net asset value	S\$	<b>269,054</b>	274,394
<b>Total expense ratio<sup>2</sup></b>	<b>%</b>	<b>1.41</b>	1.39
		<b>31 December 2023</b>	31 December 2022
<b><u>SGD Class B</u></b>			
Total operating expenses	S\$	<b>327,728</b>	341,145
Average daily net asset value	S\$	<b>27,421,987</b>	29,019,018
<b>Total expense ratio<sup>2</sup></b>	<b>%</b>	<b>1.20</b>	1.18
		<b>31 December 2023</b>	31 December 2022
<b><u>USD Class B</u></b>			
Total operating expenses	S\$	<b>542</b>	699
Average daily net asset value	S\$	<b>45,751</b>	59,089
<b>Total expense ratio<sup>2</sup></b>	<b>%</b>	<b>1.18</b>	1.18

<sup>2</sup> The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at financial period end was based on total operating expenses divided by the average net asset value for the 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 SHENTON ASIA BOND FUND

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

### REPORT TO UNITHOLDERS

For the financial period from 01 July 2023 to 31 December 2023 (unaudited)

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#### 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 is payable to the Trustee. Custody fee, transfer agent fee and valuation fee are payable to a related company of the Trustee, BNP Paribas, acting 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:

	<b>31 December 2023 S\$</b>	30 June 2023 S\$
Margin balances held with related party of the Trustee	<b>6,183</b>	59,657
Bank balances held with related party of the Trustee	<b>1,136,027</b>	659,401

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

Nil.

#### 15. Soft dollar commissions/arrangements

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

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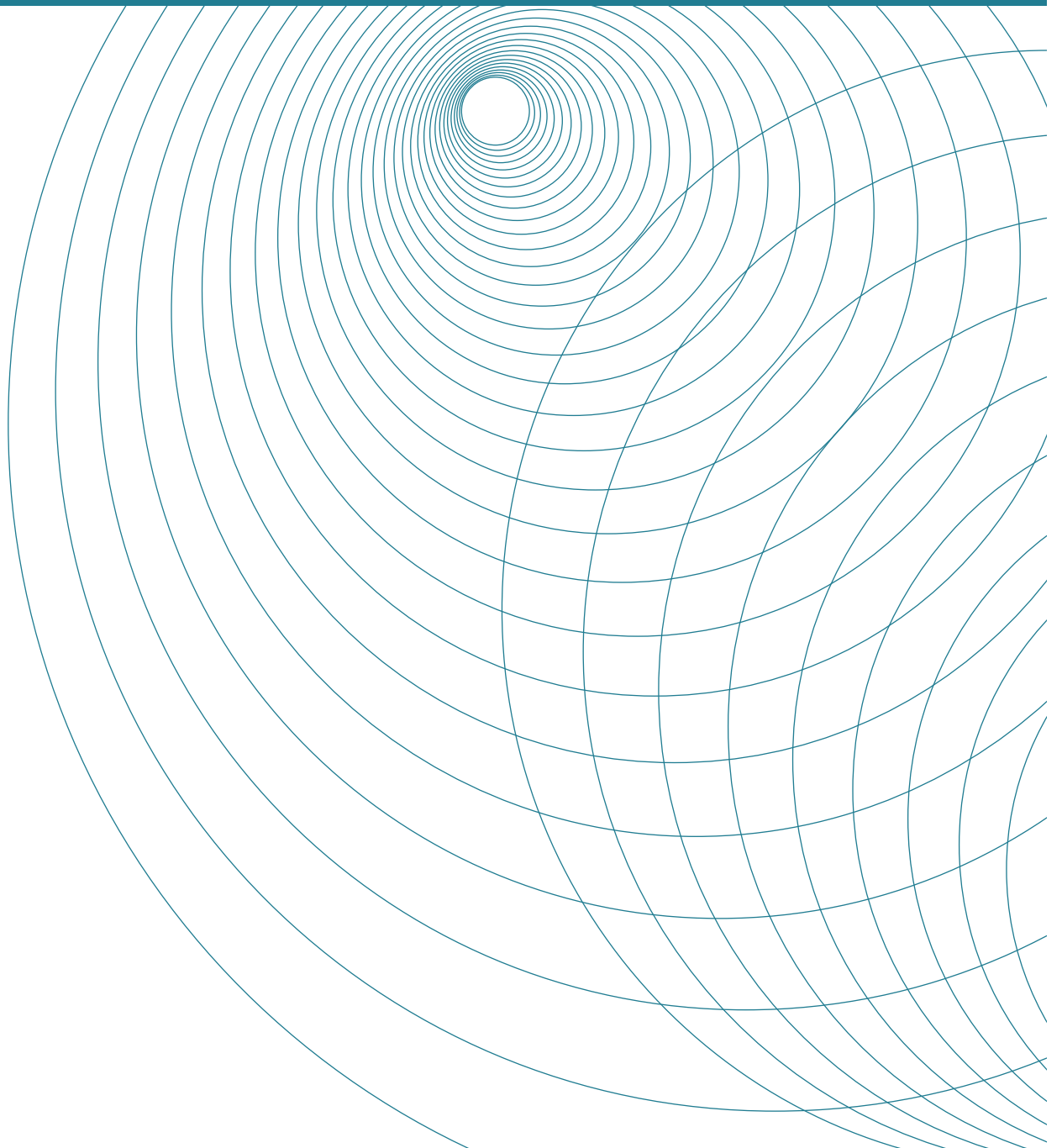


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**ANNUAL REPORT**  
**Nikko AM Shenton Asia Bond Fund**

**Financial year ended 30 June 2023**

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**MANAGERS**

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

**DIRECTORS OF THE MANAGERS**

Kiyotaka Ryu (resigned with effect from 22 September 2023)  
Seet Oon Hui Eleanor

**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, acting through its Singapore Branch  
20 Collyer Quay, #01-01  
Singapore 049319

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

## PERFORMANCE SUMMARY

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Shenton Asia Bond Fund - SGD Class A <sup>1</sup>	-0.29	1.49	-1.26	-3.03	0.46	0.98	1.17
Nikko AM Shenton Asia Bond Fund - SGD Class B <sup>1</sup>	-0.27	1.66	-1.04	-2.84	0.69	1.27	1.46
Benchmark <sup>2</sup>	-0.13	2.15	0.28	-1.66	2.07	2.60	N/A

Source: Nikko Asset Management Asia Limited & Markit Indices Limited. Returns as at 30 June 2023. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Shenton Asia Bond Fund SGD Class A <sup>1</sup>	-5.28	-3.59	-6.19	-4.68	-0.56	0.46	0.88
Nikko AM Shenton Asia Bond Fund SGD Class B <sup>1</sup>	-5.26	-3.42	-5.99	-4.49	-0.34	0.75	1.17
Benchmark <sup>2</sup>	-0.13	2.15	0.28	-1.66	2.07	2.60	N/A

Source: Nikko Asset Management Asia Limited & Markit Indices Limited. Returns as at 30 June 2023. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Shenton Asia Bond Fund USD Class A <sup>1</sup>	-2.13	0.58	1.53	-2.07	0.63	0.34	2.35
Nikko AM Shenton Asia Bond Fund USD Class B <sup>1</sup>	-1.99	0.72	1.79	-1.83	0.84	0.63	2.64
Benchmark <sup>2</sup>	-1.89	1.24	3.12	-0.66	2.22	1.94	N/A

Source: Nikko Asset Management Asia Limited & Markit Indices Limited. Returns as at 30 June 2023. Returns are calculated on a NAV-NAV basis, USD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Shenton Asia Bond Fund USD Class A <sup>1</sup>	-7.02	-4.45	-3.55	-3.73	-0.40	-0.17	2.05
Nikko AM Shenton Asia Bond Fund USD Class B <sup>1</sup>	-6.89	-4.31	-3.30	-3.49	-0.19	0.12	2.35
Benchmark <sup>2</sup>	-1.89	1.24	3.12	-0.66	2.22	1.94	N/A

Source: Nikko Asset Management Asia Limited & Markit Indices Limited. Returns as at 30 June 2023. 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.

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**Inception date: 1 August 2005**

**Note:**

- (1) With effect from 17 October 2011, the Trust (formerly known as “DBSAM Investment Funds”) has been renamed Nikko AM Asia Investment Funds and the Fund (formerly known as “DBS Asia Bond Fund”) has been renamed Nikko AM Shenton Asia Bond Fund.
- (2) With effect from 1 October 2011, the HSBC Asian Local Bond Index (ALBI) Index has been designated as the benchmark against which the Fund’s performance will be measured. Prior to that, there was no benchmark for the Fund as it was managed on a total return basis.

With effect from 20 April 2016, the calculation and publication of the HSBC Asian Local Bond Index (ALBI) has ceased and the benchmark is replaced with the Markit iBoxx Asian Local Bond Index (ALBI).

The Markit iBoxx Asian Local Bond (ALBI) Index referenced herein is the property of Markit Indices Limited and is used under license. The Nikko AM Shenton Asia Bond Fund is not sponsored, endorsed, or promoted by Markit Indices Limited.

**Portfolio Review**

***The Fund fell in the 12 months ended June 2023***

The Nikko AM Shenton Asia Bond Fund (the “Fund”) posted a return of -1.26% (in SGD terms, on a NAV-NAV basis) for the 12 months ended 30 June 2023. Our holdings in Indonesia, Thailand and Singapore contributed positively to returns, while exposure to China weighed negatively on returns.

**Market Review**

***US Treasury (UST) yields climbed across the curve over the year in review***

The UST yield curve shifted meaningfully higher in the year. Yields climbed across the curve as persistent signs of economic strength and still elevated inflation fuelled expectation that the US Federal Reserve (Fed) could maintain its restrictive monetary policy for longer than initially anticipated. Overall, the Fed hiked its policy rate by 350 basis points (bps) in the year.

The period opened to hawkish surprises in both Federal Open Market Committee (FOMC) and European Central Bank (ECB) minutes for June. Soon after, Fed Chairman Jerome Powell pledged to “use our tools forcefully” to tame inflation. Further, Chairman Powell’s acknowledgment that some economic pain may be necessary to curb inflation rattled markets. Subsequently, upward pressure on yields was supported by consumer price index (CPI) prints in major countries that surpassed market consensus. Towards end-2022, monetary policy expectations quickly shifted lower after US headline and core CPI prints both moderated by more than forecast. Hopes that inflationary pressures are finally ebbing prompted a significant rally in Treasury bonds as well as risk assets. However, the rally was short-lived as the Bank of Japan’s (BOJ) surprise tweak to its yield curve control (YCC) fuelled a sell-off in JGBs as well as major global rates including USTs. Thereafter, the upward pressure on yields was supported as markets digested the prospects for growth and inflation amid China’s rollback of COVID-19 isolation measures.

The collapse of Silicon Valley Bank prompted an abrupt drop in UST yields in early March 2023. Subsequently, developments on US debt ceiling negotiations were at the forefront of investor attention. As negotiations moved closer to an agreement, UST yields rose. Towards end-July 2023, three major

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central banks made important moves. The Fed raised interest rates by 25 bps, with Chairman Powell declaring that the FOMC will take a data-dependent approach on future hikes. The ECB raised its key interest rate in equal measure but signalled that it may soon pause, whereas the BOJ decided to adjust its YCC policy to 100 bps (from 50 bps). Notably, the BOJ move was broadly unexpected and prompted global yields to move higher.

Against such a backdrop, short- and mid-dated Treasury bonds underperformed, with the benchmark 2-year and 10-year UST yields ending the period at 4.90% and 3.84% respectively, 194 bps and 82 bps higher compared to end-June 2022.

***Asian government bonds mostly gained; currencies ended mostly weaker against the US dollar***

Yields of Asian local currency government bonds mostly fell over the period. On a total return basis, Indonesian government bonds outperformed while South Korean government bonds underperformed. Demand for Indonesian bonds was supported by a confluence of factors including positive supply technicals, a downtrend in domestic inflation, increased foreign inflows as well as attractive real yields. Meanwhile, the relatively higher correlation of Korean bonds to USTs prompted its underperformance. Separately, regional currencies mostly weakened against the US dollar in the 12-month period, as the latter rose together with UST yields.

***GDP growth moderated in the first three months of 2023***

GDP growth in Malaysia, Singapore and the Philippines slowed in the first quarter of 2023 (1Q23). Economic activity in Malaysia dipped to 5.6% year-on-year (YoY) over the period. Although this was a drop from a slightly upwardly revised 7.1%, the print came in well above expectations of a 5.1% rise. Similarly, growth in the Philippines slowed to a better-than-expected 6.4% in the first quarter, from a downwardly revised 7.1% in 4Q22. In Singapore, policymakers revised the final reading for Singapore's 1Q23 growth up to 0.4% YoY (from 0.1%), reflecting a sharp moderation from the 2.1% growth in 4Q22. In contrast, economic activity in Indonesia accelerated marginally over the period, registering 5.03% YoY in the first three months of 2023, up from 5.01% in the previous quarter.

***Inflationary pressures eased across Asia***

Easing food inflation prompted key gauges of overall price pressures to mostly moderate in the period. In the latest reading, Singapore's headline CPI rose 4.5% YoY in June 2023, moderating significantly from the 7.0% increase in July 2022. In the Philippines, the June 2023 CPI registered 5.4%, down from the July 2022 print of 6.4%. Consumer prices in Indonesia rose 3.52% in June 2023, down from 4.94%, returning to within the central bank's target range of 2–4% earlier than expected. Meanwhile, price pressures in Thailand moderated sharply in the period, to 0.23% from 7.16%, undershooting the Bank of Thailand's (BOT) target range of 1–3%.

***Central banks took divergent monetary paths***

Monetary authorities in the region took divergent monetary paths towards the end of the period. Central banks in Malaysia and Thailand both raised their respective key policy rates by 25 bps each in May 2023. According to Bank Negara Malaysia, resilient domestic demand and the need to pre-empt a build-up of financial imbalance risks warranted the move. Meanwhile, BOT declared that a gradual, measured policy normalisation "toward a level consistent with long-term sustainable growth" was still appropriate. Separately, monetary authorities in South Korea, India, Indonesia and the Philippines left their policy rates unchanged in the second quarter of 2023. Nonetheless, most of these central banks left the door open for further rate hikes.

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## **Market Outlook & Strategy**

### ***Prefer Indonesian bonds***

The Fed's current monetary policy tightening cycle is coming to—if not already at a—close, with fresh signs that pay and price pressures in the US are retreating. We see increasing downward pressure on UST yields as markets progressively price in the cycle's peak. Our preference for Indonesia government bonds remains. The government has indicated it will reduce bond supply this year, amid healthy cash balances and budget surpluses. In addition, inflation is likely to moderate further, and Bank Indonesia has ended its hiking cycle.

### ***Prefer Korean won and Thai baht***

China's recent Politburo meeting saw top leadership acknowledging issues that are top of mind for investors. Policymakers' willingness to provide greater support should help stabilise the Chinese economy hereon, and the central bank has begun to support the renminbi, removing a material near-term headwind for currencies in the region. We prefer exposure to the Korean won and the Thai baht against such a backdrop. Demand for the won is likely to be supported by indications that a turnaround in the chip cycle is underway. Meanwhile, expectations of improvement in the tech cycle, higher tourism revenue, together with relatively low oil prices as global economic activity moderates, is seen improving Thailand's current account.

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**Past performance or any prediction, projection or forecast is not indicative of future performance. The Fund or any underlying fund may use or invest in financial derivative instruments.** The value of units and income from them may fall or rise. Investments in the Fund are subject to investment risks, including the possible loss of principal amount invested. You should read the relevant prospectus (including the risk warnings) and product highlights sheet of the Fund, which are available and may be obtained from appointed distributors of Nikko AM Asia or our website ([www.nikkoam.com.sg](http://www.nikkoam.com.sg)) before deciding whether to invest in the Fund.

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(Where relevant – for funds included under CPFIS) 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 only be offered to professional investors in Hong Kong and is not authorised by the Securities and Futures Commission. 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 SHENTON ASIA BOND FUND**

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

### **REPORT OF THE TRUSTEE**

*For the financial year ended 30 June 2023*

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The Trustee is under a duty to take into custody and hold the assets of Nikko AM Shenton Asia Bond Fund (the "Fund") in trust for the unitholders. In accordance with the Securities and Futures Act 2001, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 12 to 41, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee  
BNP Paribas Trust Services Singapore Limited

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Authorised signatory  
28 September 2023

## **NIKKO AM SHENTON ASIA BOND FUND**

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

### **STATEMENT BY THE MANAGER**

*For the financial year ended 30 June 2023*

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In the opinion of Nikko Asset Management Asia Limited, the accompanying financial statements set out on pages 12 to 41, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of Nikko AM Shenton Asia Bond Fund (the "Fund") as at 30 June 2023, 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

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Authorised signatory  
28 September 2023



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

**Our Opinion**

In our opinion, the accompanying financial statements of Nikko AM Shenton Asia Bond Fund (the "Fund"), are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants, so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 30 June 2023, 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 30 June 2023;
- the Statement of Financial Position as at 30 June 2023;
- the Statement of Movements of Unitholders' Funds for the financial year ended 30 June 2023;
- the Statement of Portfolio as at 30 June 2023; 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 SHENTON ASIA BOND FUND**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**Responsibilities of the Manager for the Financial Statements**

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

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

- 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, 28 September 2023

**NIKKO AM SHENTON ASIA BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial year ended 30 June 2023*

	Note	2023 S\$	2022 S\$
<b>Income</b>			
Dividends		8,741	108,838
Interest on cash and cash equivalents		27,217	1,158
Other income		21,858	625
		<u>57,816</u>	<u>110,621</u>
<b>Less: Expenses</b>			
Management fee		278,016	303,927
Management fee rebate		(3,572)	(24,376)
Transfer agent fee		21,881	21,002
Trustee fee		13,332	14,668
Custody fee		10,832	10,765
Audit fee		13,960	13,902
Valuation fee		14,999	16,501
Transaction costs		18,234	29,162
Other expenses		71,880	52,474
		<u>439,562</u>	<u>438,025</u>
<b>Net losses</b>		<u>(381,746)</u>	<u>(327,404)</u>
<b>Net gains or losses on value of investments and financial derivatives</b>			
Net gains/(losses) on investments		91,218	(2,186,241)
Net foreign exchange losses		(27,905)	(32,726)
Net (losses)/gains on financial derivatives		(99,388)	48,892
		<u>(36,075)</u>	<u>(2,170,075)</u>
<b>Total deficit for the financial year before income tax</b>		(417,821)	(2,497,479)
<b>Less: Income tax</b>	3	(134,191)	(55,532)
<b>Total deficit for the financial year after income tax</b>		<u>(552,012)</u>	<u>(2,553,011)</u>

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

**NIKKO AM SHENTON ASIA BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF FINANCIAL POSITION***As at 30 June 2023*

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	Note	2023 S\$	2022 S\$
<b>ASSETS</b>			
Portfolio of investments		32,809,151	34,434,442
Sales awaiting settlement		433,547	250,432
Receivables	4	83,459	48,561
Margin accounts	8	59,657	115
Cash and cash equivalents		659,401	2,243,644
Financial derivatives at fair value	6	144,214	318,985
<b>Total assets</b>		<b>34,189,429</b>	<b>37,296,179</b>
<b>LIABILITIES</b>			
Payables	5	173,438	117,112
Purchases awaiting settlement		-	1,319,963
Distribution payable	9	702,411	698,994
Financial derivatives at fair value	6	134,633	312,381
<b>Total liabilities</b>		<b>1,010,482</b>	<b>2,448,450</b>
<b>EQUITY</b>			
Net assets attributable to unitholders	7	33,178,947	34,847,729

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

**NIKKO AM SHENTON ASIA BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial year ended 30 June 2023*

	Note	2023 S\$	2022 S\$
<b>Net assets attributable to unitholders at the beginning of the financial year</b>		<b>34,847,729</b>	38,063,715
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		(552,012)	(2,553,011)
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		3,919,935	7,592,793
Cancellation of units		(3,673,117)	(6,878,361)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		246,818	714,432
Distributions	9	(1,363,588)	(1,377,407)
Total decrease in net assets attributable to unitholders		(1,668,782)	(3,215,986)
<b>Net assets attributable to unitholders at the end of the financial year</b>	7	<b>33,178,947</b>	34,847,729

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

**NIKKO AM SHENTON ASIA BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2023***By Geography (Primary)**

	Holdings at 30 June 2023	Fair value at 30 June 2023 S\$	Percentage of total net assets attributable to unitholders at 30 June 2023 %
<b>Quoted Fixed Income Securities</b>			
<b>AUSTRALIA</b>			
Westpac Banking Corporation 4.65% due 07/09/2032	1,000,000	1,000,331	3.02
<b>Total AUSTRALIA</b>		<b>1,000,331</b>	<b>3.02</b>
<b>BRITAIN</b>			
HSBC Holdings Public Listed Company 4.5% due 07/06/2029	500,000	500,151	1.51
<b>Total BRITAIN</b>		<b>500,151</b>	<b>1.51</b>
<b>CHINA</b>			
China Government Bond 2.75% due 17/02/2032	5,000,000	933,281	2.81
China Government Bond 2.8% due 24/03/2029	5,000,000	943,349	2.84
China Government Bond 3.32% due 15/04/2052	6,000,000	1,165,765	3.51
<b>Total CHINA</b>		<b>3,042,395</b>	<b>9.16</b>
<b>HONG KONG SAR</b>			
Far East Horizon Limited 4.7% due 09/02/2024	5,000,000	907,400	2.74
Hong Kong Government Bond 0.94% due 21/02/2024	5,000,000	846,153	2.55
Hong Kong Government Bond 2.48% due 28/02/2029	6,300,000	1,031,915	3.11
Vanke Real Estate Hong Kong Company Limited 3.45% due 25/05/2024	2,000,000	366,033	1.10
<b>Total HONG KONG SAR</b>		<b>3,151,501</b>	<b>9.50</b>
<b>INDIA</b>			
India Government Bond 6.67% due 15/12/2035	40,000,000	631,274	1.90
India Government Bond 6.79% due 15/05/2027	15,000,000	245,337	0.74
India Government Bond 7.57% due 17/06/2033	60,000,000	1,017,951	3.07
<b>Total INDIA</b>		<b>1,894,562</b>	<b>5.71</b>
<b>INDONESIA</b>			
Indonesia Treasury Bond 6.375% due 15/04/2032	9,000,000,000	816,477	2.46
Indonesia Treasury Bond 6.875% due 15/08/2051	3,000,000,000	275,895	0.83
Indonesia Treasury Bond 7% due 15/02/2033	2,000,000,000	190,088	0.57
Indonesia Treasury Bond 7.125% due 15/06/2038	4,000,000,000	382,912	1.16
Indonesia Treasury Bond 7.125% due 15/06/2042	4,000,000,000	378,158	1.14
Indonesia Treasury Bond 7.125% due 15/06/2043	2,000,000,000	191,328	0.58
Indonesia Treasury Bond 7.5% due 15/04/2040	2,000,000,000	195,748	0.59
Indonesia Treasury Bond 7.5% due 15/06/2035	2,000,000,000	195,767	0.59
Indonesia Treasury Bond 8.125% due 15/05/2024	17,000,000,000	1,566,497	4.72
<b>Total INDONESIA</b>		<b>4,192,870</b>	<b>12.64</b>
<b>MALAYSIA</b>			
Malaysia Government Bond 3.844% due 15/04/2033	1,500,000	432,973	1.31
Malaysia Government Bond 4.254% due 31/05/2035	3,500,000	1,036,777	3.12
Malaysia Government Bond 4.696% due 15/10/2042	1,000,000	312,793	0.94
Malaysia Government Bond 4.762% due 07/04/2037	1,000,000	311,381	0.94
Malaysia Government Investment Issue 5.357% due 15/05/2052	980,000	335,586	1.01
<b>Total MALAYSIA</b>		<b>2,429,510</b>	<b>7.32</b>

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

**NIKKO AM SHENTON ASIA BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2023***By Geography (Primary) (continued)**

	Holdings at 30 June 2023	Fair value at 30 June 2023 S\$	Percentage of total net assets attributable to unitholders at 30 June 2023 %
<b>Quoted Fixed Income Securities (continued)</b>			
<b>PHILIPPINES</b>			
Philippine Government Bond 3.625% due 21/03/2033	20,000,000	391,030	1.18
Philippine Government Bond 4.875% due 20/01/2032	10,000,000	220,488	0.66
Philippine Government Bond 5.75% due 07/03/2028	28,000,000	675,336	2.04
Philippine Government Bond 6.125% due 22/08/2028	27,000,000	661,351	1.99
Philippine Government Bond 6.75% due 15/09/2032	15,000,000	377,590	1.14
Philippine Government Bond 7.25% due 23/06/2032	35,000,000	905,576	2.73
<b>Total PHILIPPINES</b>		<b>3,231,371</b>	<b>9.74</b>
<b>SINGAPORE</b>			
ESR-Logos REIT 5.5% due 09/12/2170	500,000	461,485	1.39
Keppel Corporation Limited 2.9% due 16/03/2170	500,000	462,138	1.39
Singapore Government Bond 1.875% due 01/03/2050	200,000	176,600	0.53
Singapore Government Bond 1.875% due 01/10/2051	100,000	89,753	0.27
Singapore Government Bond 2.25% due 01/08/2036	250,000	230,625	0.70
Singapore Government Bond 2.375% due 01/07/2039	300,000	285,333	0.86
Singapore Government Bond 2.75% due 01/03/2046	400,000	415,000	1.25
Singapore Government Bond 2.75% due 01/04/2042	300,000	309,005	0.93
Singapore Government Bond 3% due 01/08/2072	50,000	58,725	0.18
Singapore Government Bond 3.375% due 01/09/2033	100,000	102,750	0.31
Starhub Limited 3.95% due 31/12/2049	250,000	235,070	0.71
<b>Total SINGAPORE</b>		<b>2,826,484</b>	<b>8.52</b>
<b>SOUTH KOREA</b>			
Korea Treasury Bond 1.5% due 10/09/2036	500,000,000	397,497	1.20
Korea Treasury Bond 1.875% due 10/09/2041	500,000,000	391,977	1.18
Korea Treasury Bond 2.375% due 10/12/2027	500,000,000	486,959	1.47
Korea Treasury Bond 2.5% due 10/03/2052	950,000,000	776,458	2.34
Korea Treasury Bond 3.25% due 10/03/2028	1,500,000,000	1,514,951	4.57
Korea Treasury Bond 3.375% due 10/03/2025	1,000,000,000	1,022,127	3.08
Korea Treasury Bond 3.375% due 10/06/2032	700,000,000	701,861	2.11
<b>Total SOUTH KOREA</b>		<b>5,291,830</b>	<b>15.95</b>
<b>SUPRANATIONAL</b>			
European Bank For Reconstruction & Development 6.3% due 26/10/2027	50,000,000	804,563	2.43
<b>Total SUPRANATIONAL</b>		<b>804,563</b>	<b>2.43</b>
<b>THAILAND</b>			
Thailand Government Bond 1.585% due 17/12/2035	15,000,000	503,405	1.52
Thailand Government Bond 2% due 17/06/2042	15,000,000	490,199	1.48
Thailand Government Bond 2% due 17/12/2031	10,000,000	369,209	1.11
Thailand Government Bond 3.35% due 17/06/2033	28,000,000	1,142,562	3.44
Thailand Government Bond 3.39% due 17/06/2037	2,000,000	81,014	0.25
<b>Total THAILAND</b>		<b>2,586,389</b>	<b>7.80</b>
<b>Accrued interest receivable on quoted fixed income securities</b>		<b>256,852</b>	<b>0.77</b>
<b>Total Quoted Fixed Income Securities</b>		<b>31,208,809</b>	<b>94.07</b>

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



**NIKKO AM SHENTON ASIA BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2023***By Geography (Primary) (continued)**

	Holdings at 30 June 2023	Fair value at 30 June 2023 S\$	Percentage of total net assets attributable to unitholders at 30 June 2023 %
<b>Quoted Investment Fund</b>			
<b>SINGAPORE</b>			
NikkoAM-ICBCSG China Bond ETF	1,550,000	1,600,342	4.82
<b>Total SINGAPORE</b>		<u>1,600,342</u>	<u>4.82</u>
<b>Total Quoted Investment Fund</b>		<u>1,600,342</u>	<u>4.82</u>
<b>Portfolio of investments</b>		32,809,151	98.89
<b>Other net assets</b>		369,796	1.11
<b>Net assets attributable to unitholders</b>		<u>33,178,947</u>	<u>100.00</u>

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

**NIKKO AM SHENTON ASIA BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2023***By Geography (Summary)**

	<b>Percentage of total net assets attributable to unitholders at 30 June 2023 %</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2022 %</b>
<b>Quoted Fixed Income Securities</b>		
Australia	<b>3.02</b>	-
Britain	<b>1.51</b>	5.06
China	<b>9.16</b>	11.89
Hong Kong SAR	<b>9.50</b>	7.28
India	<b>5.71</b>	3.04
Indonesia	<b>12.64</b>	7.07
Malaysia	<b>7.32</b>	9.65
Netherlands	-	1.45
Philippines	<b>9.74</b>	7.85
Singapore	<b>8.52</b>	16.49
South Korea	<b>15.95</b>	9.58
Supranational	<b>2.43</b>	3.18
Thailand	<b>7.80</b>	8.09
Accrued interest receivables on quoted fixed income securities	<b>0.77</b>	0.71
<b>Total Quoted Fixed Income Securities</b>	<b>94.07</b>	91.34
<b>Quoted Investment Fund</b>		
Singapore	<b>4.82</b>	7.47
<b>Total Quoted Investment Fund</b>	<b>4.82</b>	7.47
<b>Portfolio of investments</b>	<b>98.89</b>	98.81
<b>Other net assets</b>	<b>1.11</b>	1.19
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	100.00

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

**NIKKO AM SHENTON ASIA BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2023*

<b>By Industry (Secondary)</b>	<b>Fair value at 30 June 2023 S\$</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2023 %</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2022 %</b>
Banks	1,500,482	4.52	8.67
Debt Fund	1,600,342	4.82	7.47
Diversified Financial Services	907,400	2.74	-
Engineering and Construction	462,138	1.39	1.35
Multi-National	804,563	2.43	3.18
Real Estate	827,518	2.50	5.16
Real Estate Investment Trusts (REITS)	-	-	7.70
Sovereign	26,214,786	79.01	64.57
Telecommunications	235,070	0.71	-
Accrued interest receivables on quoted fixed income securities	256,852	0.77	0.71
<b>Portfolio of investments</b>	<b>32,809,151</b>	<b>98.89</b>	<b>98.81</b>
<b>Other net assets</b>	<b>369,796</b>	<b>1.11</b>	<b>1.19</b>
<b>Net assets attributable to unitholders</b>	<b>33,178,947</b>	<b>100.00</b>	<b>100.00</b>

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

## **NIKKO AM SHENTON ASIA BOND FUND**

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

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

*For the financial year ended 30 June 2023*

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

#### **1. General**

Nikko AM Shenton Asia Bond Fund (the "Fund") is a Singapore domiciled fund, constituted as a sub-fund of the Nikko AM Asia Investment Funds, pursuant to the Trust Deed dated 8 March 2000 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").

Nikko AM Asia Investment Funds comprise three separate and distinct sub-funds, namely Nikko AM Shenton Asia Dividend Equity Fund, Nikko AM Shenton Global Property Securities Fund and Nikko AM Shenton Asia Bond Fund.

Only the financial statements of Nikko AM Shenton Asia Bond Fund are presented in this report.

There are currently five classes of unit established within the Fund, namely the SGD Class A units (denominated in SGD), the SGD Class B units (denominated in SGD), the USD Class A Units (denominated in USD), the USD Class B Units (denominated in USD) and the RMB Class units (denominated in RMB).

The classes differ in terms of their class currency, the minimum subscription amounts applicable, the minimum holding and minimum realisation amounts applicable, as well as the current annual management fee.

As of 30 June 2023 and 2022, only units in the SGD Class A, USD Class A, SGD Class B and USD 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 Investment Funds" ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

## NIKKO AM SHENTON ASIA BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

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

##### (b) Recognition of income

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

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

##### (c) 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.

##### (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 prices used for fixed income securities held by the Fund is the mid-market price for both financial asset and financial liabilities. Accrued interest or discount or premium on fixed income securities at financial year end date is included in the fair value of fixed income securities. Interest income on fixed income securities is presented within "Net gains/(losses) on investments" in the Statement of Total Return. The fair value of investments held in the underlying fund is the quoted net asset value of the underlying fund as determined by the underlying fund's administrator.

## NIKKO AM SHENTON ASIA BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

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

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

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

(ii) *Transactions and balances*

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

## NIKKO AM SHENTON ASIA BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

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

##### (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) Margin accounts

Cash margin provided by the Fund is identified in the Statement of Financial Position as margin accounts and is not included as a component of cash and cash equivalents. For collateral other than cash, if the party to whom the collateral is provided has the right by contract or custom to sell or re-pledge the collateral, the Fund classifies that asset in its Statement of Financial Position separately from other assets and identifies the asset as pledged collateral. Where the party to whom the collateral is provided does not have the right to sell or re-pledge, a disclosure of the collateral provided is made in the Notes to the Financial Statements.

##### (m) Structured entities

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

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

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

##### (n) Financial derivatives

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

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

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

##### (o) Expenses charged to the Fund

Management fees are charged directly to each class as follows:

Class A: 1% per annum

Class B: 0.8% per annum

All other expenses relate to the Fund as a whole and are further allocated to each class based on the respective asset under management proportion.

#### 3. Income tax

The Fund has been approved by the Monetary Authority of Singapore ("MAS") under the Enhanced-Tier Fund Scheme (Section 13U of the Income Tax Act 1947 and the relevant Regulations). Subject to certain conditions being met on an annual basis, the Fund may enjoy Singapore corporate income tax exemption on "specified income" derived from "designated investments" for the life of the Fund. The tax exemption does not apply in the year when the relevant conditions are not met. Losses from "designated investments" are correspondingly disregarded. The terms "specified income" and "designated investments" are defined in the relevant income tax Regulations. The Manager and the Trustee of the Fund will ensure that the Fund fulfils its reporting obligations under the ETF Scheme.

Income tax for the financial year ended 30 June 2023 and 2022 comprises:

	2023 S\$	2022 S\$
Capital gains tax	40,077	29,134
Overseas income tax	63,483	41,091
Singapore income tax/(credit)	30,631	(14,693)
	<u>134,191</u>	<u>55,532</u>

The Singapore income tax represents tax charge on distributions from Singapore unit trusts. For the year ended 30 June 2022, the Singapore income tax credit is a credit balance due to partial reversal of prior year provisions. Capital gains tax comprise of capital gain tax on realised gains and provisions for capital gains on tax outside of Singapore. The overseas income tax represents tax deducted for interest earned and derived from outside Singapore.

#### 4. Receivables

	2023 S\$	2022 S\$
Receivable from unitholders for creation of units	79,896	45,338
Accrued interest receivable	3,563	3,223
	<u>83,459</u>	<u>48,561</u>



## NIKKO AM SHENTON ASIA BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

#### 5. Payables

	2023 S\$	2022 S\$
Payable to unitholders for cancellation of units	6	1,207
Amount due to the Manager	75,415	72,408
Amount due to the Trustee	3,646	3,768
Valuation fee payable	4,102	4,240
Transfer agent fee payable	4,847	4,802
Provision for audit fee	13,975	13,911
Custody fee payable	5,925	4,090
Provision for tax liabilities	54,599	-
Other payables	10,923	12,686
	<b>173,438</b>	<b>117,112</b>

Amount due to the Manager comprises management fee payable to Nikko Asset Management Asia Limited. Trustee fee is payable to BNP Paribas Trust Services Singapore Limited. Valuation fee and custody fee are payable to BNP Paribas, acting through its Singapore Branch. Transfer agent fee is payable to BNP Paribas, acting through its Singapore Branch with effect from 1 April 2023.

#### 6. Financial derivatives

Financial derivatives comprise of interest rate swaps and 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	
	2023 S\$	2022 S\$	2023 S\$	2022 S\$	2023 S\$	2022 S\$
Forward foreign exchange contracts	25,852,042	65,672,825	138,754	318,985	120,052	312,381
Interest rate swaps	3,510,014	-	5,460	-	14,581	-
			<b>144,214</b>	<b>318,985</b>	<b>134,633</b>	<b>312,381</b>

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 SHENTON ASIA BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2023***6. Financial derivatives (continued)**

Financial assets and financial liabilities which are subject to enforceable master netting agreements or similar agreements for the year ended 30 June 2023 and 2022 are detailed in the following table.

**(i) Offsetting financial assets**

	Gross amounts of recognised financial assets S\$	Gross amounts of recognised financial liabilities set-off in the Statement of Financial Position S\$	Net amounts of financial assets presented in the Statement of Financial Position S\$	Related accounts not set-off in the Statement of Financial Position		
				Financial instruments S\$	Cash collateral S\$	Net exposure S\$
<b>2023</b>						
Forward foreign exchange contracts	130,428	-	130,428	84,864	-	45,564
Interest rate swap	5,460	-	5,460	-	-	5,460

	Gross amounts of recognised financial assets S\$	Gross amounts of recognised financial liabilities set-off in the Statement of Financial Position S\$	Net amounts of financial assets presented in the Statement of Financial Position S\$	Related accounts not set-off in the Statement of Financial Position		
				Financial instruments S\$	Cash collateral S\$	Net exposure S\$
<b>2022</b>						
Forward foreign exchange contracts	301,106	-	301,106	200,635	-	100,471

**NIKKO AM SHENTON ASIA BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2023***6. Financial derivatives (continued)****(ii) Offsetting financial liabilities**

	Gross amounts of recognised financial liabilities S\$	Gross amounts of recognised financial assets set-off in the Statement of Financial Position S\$	Net amounts of financial liabilities presented in the Statement of Financial Position S\$	Related accounts not set-off in the Statement of Financial Position		
				Financial instruments S\$	Cash collateral S\$	Net exposure S\$
<b>2023</b>						
Forward foreign exchange contracts	115,626	-	115,626	84,864	-	30,762
Interest rate swap	14,581	-	14,581	-	-	14,581

	Gross amounts of recognised financial liabilities S\$	Gross amounts of recognised financial assets set-off in the Statement of Financial Position S\$	Net amounts of financial liabilities presented in the Statement of Financial Position S\$	Related accounts not set-off in the Statement of Financial Position		
				Financial instruments S\$	Cash collateral S\$	Net exposure S\$
<b>2022</b>						
Forward foreign exchange contracts	276,086	-	276,086	200,635	-	75,451

**NIKKO AM SHENTON ASIA BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2023***7. Units in issue**

During the year ended 30 June 2023 and 2022, the number of units issued, redeemed and outstanding were as follows:

<b><u>SGD Class A</u></b>	<b>2023</b>	<b>2022</b>
Units at beginning of the financial year	<b>7,735,956</b>	6,591,607
Units created	<b>2,438,942</b>	9,878,692
Units cancelled	<b>(1,829,278)</b>	(8,734,343)
Units at end of the financial year	<b>8,345,620</b>	7,735,956
Net assets attributable to unitholders - S\$	<b>5,573,665</b>	5,471,884
Net asset value per unit - S\$	<b>0.668</b>	0.707
<b><u>USD Class A</u></b>	<b>2023</b>	<b>2022</b>
Units at beginning of the financial year	<b>378,320</b>	365,729
Units created	<b>16,111</b>	14,164
Units cancelled	-	(1,573)
Units at end of the financial year	<b>394,431</b>	378,320
Net assets attributable to unitholders - S\$	<b>264,048</b>	268,003
Net asset value per unit - S\$	<b>0.669</b>	0.708
<b><u>SGD Class B</u></b>	<b>2023</b>	<b>2022</b>
Units at beginning of the financial year	<b>38,402,698</b>	38,582,310
Units created	<b>3,020,748</b>	89,243
Units cancelled	<b>(3,389,550)</b>	(268,855)
Units at end of the financial year	<b>38,033,896</b>	38,402,698
Net assets attributable to unitholders - S\$	<b>27,305,243</b>	29,047,701
Net asset value per unit - S\$	<b>0.718</b>	0.756
<b><u>USD Class B</u></b>	<b>2023</b>	<b>2022</b>
Units at beginning of the financial year	<b>79,389</b>	60,071
Units created	<b>950</b>	27,383
Units cancelled	<b>(30,315)</b>	(8,065)
Units at end of the financial year	<b>50,024</b>	79,389
Net assets attributable to unitholders - S\$	<b>35,991</b>	60,141
Net asset value per unit - S\$	<b>0.719</b>	0.758

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:

**NIKKO AM SHENTON ASIA BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2023***7. Units in issue (continued)**

<b><u>SGD Class A</u></b>	<b>2023</b>	2022
	<b>S\$</b>	S\$
Net assets attributable to unitholders per financial statements per unit	<b>0.668</b>	0.707
Effects of distribution per unit	<b>0.015</b>	0.015
Net assets attributable to unitholders for issuing/redeeming per unit	<b>0.683</b>	0.722
<b><u>USD Class A</u></b>	<b>2023</b>	2022
	<b>S\$</b>	S\$
Net assets attributable to unitholders per financial statements per unit	<b>0.669</b>	0.708
Effects of distribution per unit	<b>0.016</b>	0.015
Net assets attributable to unitholders for issuing/redeeming per unit	<b>0.685</b>	0.723
<b><u>SGD Class B</u></b>	<b>2023</b>	2022
	<b>S\$</b>	S\$
Net assets attributable to unitholders per financial statements per unit	<b>0.718</b>	0.756
Effects of distribution per unit	<b>0.015</b>	0.015
Net assets attributable to unitholders for issuing/redeeming per unit	<b>0.733</b>	0.771
<b><u>USD Class B</u></b>	<b>2023</b>	2022
	<b>S\$</b>	S\$
Net assets attributable to unitholders per financial statements per unit	<b>0.719</b>	0.758
Effects of distribution per unit	<b>0.016</b>	0.015
Net assets attributable to unitholders for issuing/redeeming per unit	<b>0.735</b>	0.773

**8. Margin accounts**

	<b>2023</b>	2022
	<b>S\$</b>	S\$
Margin accounts	<b>59,657</b>	115

Margin account represents margin deposits held in respect of open exchange traded futures contracts held with BNP Paribas, acting through its Singapore Branch. As of 30 June 2023 and 2022, there was no open exchange traded futures.

## NIKKO AM SHENTON ASIA BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

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#### 9. Distributions

	2023 S\$	2022 S\$
Final distribution of S\$1.50 (SGD Class A & B) & US\$1.12 (USD Class A & B) per 100 units in respect of the financial year ended 30 June 2023	702,411	-
Interim distribution of S\$1.50 (SGD Class A & B) & US\$1.09 (USD Class A & B) per 100 units in respect of the financial year ended 30 June 2023	661,177	-
Final distribution of S\$1.50 (SGD Class A & B) & US\$1.08 (USD Class A & B) per 100 units in respect of the financial year ended 30 June 2022	-	698,994
Interim distribution of S\$1.50 (SGD Class A & B) & US\$1.09 (USD Class A & B) per 100 units in respect of the financial year ended 30 June 2022	-	678,413
	<b>1,363,588</b>	<b>1,377,407</b>

#### 10. 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 investment objective of the Fund is to provide investors with medium to long term capital appreciation and to make regular income distributions during the investment period. The Fund will invest primarily in transferable debt securities, which may include government bonds, treasury bills, bills of exchange, corporate bonds, money market instruments and or exchangeable bonds, issued by issuers based in the Asia Pacific region which may be in local and/or foreign currencies. The Manager, at their sole discretion, may invest not more than 30% of the Fund in regions other than the Asia Pacific region.

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

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

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

The Fund's investment is substantially dependent on the changes of market prices. The Fund's overall market positions are monitored regularly so as to assess any 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 geographies and industries globally.

The market prices of financial assets held by the Fund are dependent on prevailing market interest rates, as the Fund invests in bonds issued by governments and corporations. No separate price risk sensitivity analysis is prepared as it is covered as part of interest rate risk sensitivity analysis.

## NIKKO AM SHENTON ASIA BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

#### 10. 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).

The Manager will regularly assess the economic condition, monitor changes in interest rates outlook and take appropriate measures accordingly to control the impact of interest rate risk. The Fund's overall market positions are monitored frequently and are reviewed formally on a quarterly basis by the Manager.

The tables below summarise the Fund's exposure to interest rate risks. They include the Fund's assets and liabilities categorised by the earlier of contractual re-pricing or maturity dates.

As at 30 June 2023

	Floating rate	Fixed rate			Non-interest bearing	Total
	Up to 1 year	1-5 years	Over 5 years			
	S\$	S\$	S\$	S\$	S\$	S\$
<b>Assets</b>						
Portfolio of investments	2,659,175	3,686,083	4,749,273	19,857,426	1,857,194	32,809,151
Sales awaiting settlement	-	-	-	-	433,547	433,547
Receivables	-	-	-	-	83,459	83,459
Margin accounts	59,657	-	-	-	-	59,657
Cash and cash equivalents	659,401	-	-	-	-	659,401
Financial derivatives at fair value	-	-	5,460	-	138,754	144,214
<b>Total assets</b>	<b>3,378,233</b>	<b>3,686,083</b>	<b>4,754,733</b>	<b>19,857,426</b>	<b>2,512,954</b>	<b>34,189,429</b>
<b>Liabilities</b>						
Payables	-	-	-	-	173,438	173,438
Distributions payable	-	-	-	-	702,411	702,411
Financial derivatives at fair value	14,581	-	-	-	120,052	134,633
<b>Total liabilities</b>	<b>14,581</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>995,901</b>	<b>1,010,482</b>

## NIKKO AM SHENTON ASIA BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

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

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

As at 30 June 2022

	Floating rate		Fixed rate			Non-interest bearing	Total
	S\$	S\$	Up to 1 year	1-5 years	Over 5 years		
	S\$	S\$	S\$	S\$	S\$	S\$	
<b>Assets</b>							
Portfolio of investments	6,179,104	-	5,420,654	19,985,795	2,848,889	34,434,442	
Sales awaiting settlement	-	-	-	-	250,432	250,432	
Receivables	-	-	-	-	48,561	48,561	
Margin accounts	115	-	-	-	-	115	
Cash and cash equivalents	2,243,644	-	-	-	-	2,243,644	
Financial derivatives at fair value	-	-	-	-	318,985	318,985	
<b>Total assets</b>	<b>8,422,863</b>	<b>-</b>	<b>5,420,654</b>	<b>19,985,795</b>	<b>3,466,867</b>	<b>37,296,179</b>	
<b>Liabilities</b>							
Payables	-	-	-	-	117,112	117,112	
Purchases awaiting settlement	-	-	-	-	1,319,963	1,319,963	
Distributions payable	-	-	-	-	698,994	698,994	
Financial derivatives at fair value	-	-	-	-	312,381	312,381	
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,448,450</b>	<b>2,448,450</b>	

As at 30 June 2023, an increase/decrease of interest rates 1% (2022: 1%), with all other variables remaining constant, would result in a decrease/increase of the net assets attributable to unitholders by approximately 7% (2022: 6%). Reasonable possible changes in interest rate are revised annually depending on the Manager's current view of market volatility and other factors.

As at 30 June 2023 and 2022, interest rate swap that are subjected to interest rate risk are not significant and hence, no sensitivity analysis on interest rate risk has been presented.

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

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

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



## NIKKO AM SHENTON ASIA BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

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

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

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

As at 30 June 2023	KRW S\$	MYR S\$	CNY S\$	PHP S\$	IDR S\$	THB S\$	SGD S\$	USD S\$	HKD S\$	INR S\$	Total S\$
<b>Assets</b>											
Portfolio of investments	5,332,631	2,444,247	5,958,390	3,256,823	4,236,873	2,588,760	4,360,563	-	1,889,933	2,740,931	32,809,151
Sales awaiting settlement	-	433,547	-	-	-	-	-	-	-	-	433,547
Receivables	-	-	-	-	-	-	83,459	-	-	-	83,459
Margin accounts	-	-	-	-	-	-	-	59,657	-	-	59,657
Cash and cash equivalents	32,252	26,444	37,003	71,527	38,615	25,968	139,790	118,161	5,826	163,815	659,401
Financial derivatives at fair value	-	-	5,460	-	-	-	-	-	-	-	5,460
<b>Total assets</b>	<b>5,364,883</b>	<b>2,904,238</b>	<b>6,000,853</b>	<b>3,328,350</b>	<b>4,275,488</b>	<b>2,614,728</b>	<b>4,583,812</b>	<b>177,818</b>	<b>1,895,759</b>	<b>2,904,746</b>	<b>34,050,675</b>
<b>Liabilities</b>											
Payables	-	-	-	-	-	-	173,438	-	-	-	173,438
Distributions payable	-	-	-	-	-	-	695,693	6,718	-	-	702,411
Financial derivatives at fair value	-	-	-	-	-	-	-	-	-	14,581	14,581
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>869,131</b>	<b>6,718</b>	<b>-</b>	<b>14,581</b>	<b>890,430</b>
<b>Net off-balance sheet derivative financial instruments</b>											
	(1,324,217)	-	(551,815)	(1,031)	(722,145)	2,850	1,337,100	1,277,960	-	-	
<b>Net currency exposure</b>	<b>4,040,666</b>	<b>2,904,238</b>	<b>5,449,038</b>	<b>3,327,319</b>	<b>3,553,343</b>	<b>2,617,578</b>	<b>5,051,781</b>	<b>1,449,060</b>	<b>1,895,759</b>	<b>2,890,165</b>	

**NIKKO AM SHENTON ASIA BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2023***10. Financial risk management (continued)****(c) Market risk - Currency risk (continued)**

As at 30 June 2022	KRW S\$	MYR S\$	CNY S\$	PHP S\$	IDR S\$	THB S\$	SGD S\$	USD S\$	Others S\$	Total S\$
<b>Assets</b>										
Portfolio of investments	3,355,842	3,402,140	7,572,173	2,782,758	2,502,658	2,822,151	8,050,686	-	3,946,034	34,434,442
Sales awaiting settlement	-	-	-	-	-	-	250,432	-	-	250,432
Receivables	-	-	-	-	-	-	48,561	-	-	48,561
Margin accounts	-	-	-	-	-	-	-	115	-	115
Cash and cash equivalents	50,587	823,494	43,693	25,599	64,154	94,028	714,580	131,584	295,925	2,243,644
<b>Total assets</b>	<b>3,406,429</b>	<b>4,225,634</b>	<b>7,615,866</b>	<b>2,808,357</b>	<b>2,566,812</b>	<b>2,916,179</b>	<b>9,064,259</b>	<b>131,699</b>	<b>4,241,959</b>	<b>36,977,194</b>
<b>Liabilities</b>										
Payables	-	-	-	-	-	-	117,112	-	-	117,112
Purchases awaiting settlement	-	-	-	-	-	-	1,319,963	-	-	1,319,963
Distributions payable	-	-	-	-	-	-	692,080	6,914	-	698,994
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,129,155</b>	<b>6,914</b>	<b>-</b>	<b>2,136,069</b>
<b>Net off-balance sheet derivative financial instruments</b>										
	2,501,749	-	2,241,621	(2,098,187)	(1,215)	(981,081)	(1,840,172)	183,783	106	
<b>Net currency exposure</b>	<b>5,908,178</b>	<b>4,225,634</b>	<b>9,857,487</b>	<b>710,170</b>	<b>2,565,597</b>	<b>1,935,098</b>	<b>5,094,932</b>	<b>308,568</b>	<b>4,242,065</b>	

## NIKKO AM SHENTON ASIA BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

#### 10. 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, which include listed investment funds, as part of the price risk sensitivity analysis.

The following table shows the Fund's sensitivity to major foreign currencies exposure, with respect to monetary assets and liabilities, with all other variables held constant. Changes in foreign currency 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 (%)	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
CNY	4	4	1	1
IDR	7	7	1	-*
KRW	7	7	1	1
MYR	4	4	-*	-*
PHP	6	7	1	-*
THB	5	6	-*	-*
INR	5	6	-*	-*

\* Denotes amount is less than 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 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 30 June 2023 and 2022, 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 30 June 2023 S\$	As at 30 June 2022 S\$
Payables	173,438	117,112
Purchases awaiting settlement	-	1,319,963
Distributions payable	702,411	698,994
<b>Contractual cash outflows (excluding gross settled derivatives)</b>	<b>875,849</b>	<b>2,136,069</b>

## NIKKO AM SHENTON ASIA BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

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

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

The tables below analyse 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	As at
	30 June 2023	30 June 2022
	S\$	S\$
<b>Currency forwards</b>		
- Outflow	(11,082,970)	(31,802,007)
- Inflow	10,962,918	31,489,626
<b>Net outflow</b>	<u>(120,052)</u>	<u>(312,381)</u>

	<u>Less than 3 months</u>	
	As at	As at
	30 June 2023	30 June 2022
	S\$	S\$
<b>Interest rate swap</b>		
- Outflow	(14,581)	-
<b>Net outflow</b>	<u>(14,581)</u>	<u>-</u>

## NIKKO AM SHENTON ASIA BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

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

##### (e) Credit risk

Credit risk is the risk that a counterparty will be unable to fulfil its obligations to the Fund in part or in full as and when they fall due.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties as well as the respective credit limits are approved;
- ensuring there are controls in place to identify and assess the creditworthiness of counterparties and review such controls on a semi-annual basis; and
- ensuring that transactions are undertaken with a large number of counterparties.

The Fund is also exposed to counterparty credit risk on its financial assets held at amortised cost. As at 30 June 2023 and 2022, 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.

The table below analyses the Fund's investments by credit ratings. The credit ratings are reviewed regularly.

	Fair value at 30 June 2023		Fair value at 30 June 2022	
	Floating rate securities S\$	Fixed rate securities S\$	Floating rate securities S\$	Fixed rate securities S\$
AAA *	-	-	-	1,940,887
AA+	-	-	-	1,743,020
A-	-	-	-	1,548,981
BBB	-	-	1,264,094	793,653
BBB-	-	-	1,257,254	-
Aaa *	-	1,667,791	-	-
Aa2	-	-	-	1,258,434
A3	500,151	1,469,750	-	932,423
Baa1	1,000,331	-	-	-
Baa2	-	611,518	1,452,660	1,340,728
Ba2	-	-	500,000	-
Not rated **	1,158,693	24,543,723	1,705,096	15,848,323
Accrued interest receivables on quoted fixed income securities	22,239	234,613	25,450	221,319
	<b>2,681,414</b>	<b>28,527,395</b>	<b>6,204,554</b>	<b>25,627,768</b>

\* The balance includes securities that are issued by government agencies of governments that have a Aaa rating as rated by Moody's (2022: AAA rating as rated by a well-known rating agency).

\*\* Not rated securities are supported by internal and other rating agencies credit ratings but are not disclosed due to licencing restrictions. Following a change in the use of credit rating agencies during the financial year ended 30 June 2023 whereby historical credit ratings cannot be retrieved, the comparative amounts for the credit ratings table above are not entirely comparable.

## NIKKO AM SHENTON ASIA BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

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#### 10. 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 30 June 2023 and 2022.

	Credit rating as at 30 June 2023	Credit rating as at 30 June 2022
<b>Bank and custodian</b>		
- BNP Paribas, acting through its Singapore Branch	<b>Aa3</b>	A+
<b>Counterparties of forward foreign exchange contracts</b>		
- Australia and New Zealand Bank	<b>Aa3</b>	AA-
- Barclays Capital	<b>A1</b>	A+
- BNP Paribas	<b>Aa3</b>	A+
- Goldman Sachs	<b>A2</b>	BBB+
- HSBC Bank	<b>Aa3</b>	A-
- ING Group NV	<b>N.A</b>	A-
- JPMorgan Chase & Company	<b>A1</b>	A-
- Standard Chartered Bank	<b>Baa2</b>	BBB+
<b>Counterparties of interest rate swap contracts</b>		
- Societe Generale	<b>A1</b>	N.A
- BNP Paribas	<b>Aa3</b>	N.A

As at 30 June 2023, the credit ratings are based on Local Long-Term Bank Deposits from Moody's (2022: Long-Term Local Issuer Ratings from a well-known rating agency).

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

##### (f) Capital management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

## NIKKO AM SHENTON ASIA BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

#### 10. 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 tables analyse within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 30 June 2023 and 2022:

As at 30 June 2023	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
<b>Assets</b>				
Financial assets designated at fair value through profit or loss:				
- Quoted fixed income securities	1,679,148	29,529,661	-	31,208,809
- Quoted investment fund	1,600,342	-	-	1,600,342
- Financial derivatives at fair value	-	144,214	-	144,214
	<u>3,279,490</u>	<u>29,673,875</u>	<u>-</u>	<u>32,953,365</u>
<b>Liabilities</b>				
Financial liabilities designated at fair value through profit or loss:				
- Financial derivatives at fair value	-	134,633	-	134,633
	<u>-</u>	<u>134,633</u>	<u>-</u>	<u>134,633</u>
<b>As at 30 June 2022</b>				
	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
<b>Assets</b>				
Financial assets designated at fair value through profit or loss:				
- Quoted fixed income securities	836,219	30,996,103	-	31,832,322
- Quoted investment fund	2,602,120	-	-	2,602,120
- Financial derivatives at fair value	-	318,985	-	318,985
	<u>3,438,339</u>	<u>31,315,088</u>	<u>-</u>	<u>34,753,427</u>
<b>Liabilities</b>				
Financial liabilities designated at fair value through profit or loss:				
- Financial derivatives at fair value	-	312,381	-	312,381
	<u>-</u>	<u>312,381</u>	<u>-</u>	<u>312,381</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include Singapore government bonds and listed investment funds. Investments in open-ended investment fund whose net asset value is struck daily, price information is published and readily available and units are subscribed and redeemable on demand at the published price, are classified within Level 1. The Fund does not adjust the quoted price for these instruments.

## NIKKO AM SHENTON ASIA BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

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#### 10. 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 investment-grade corporate bonds, Asian government bonds and over-the-counter derivatives.

The assets and liabilities included in the Statement of Financial Position except portfolio of investments are carried at amortised cost; their carrying values are reasonable approximation of fair value.

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

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

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

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

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

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

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

#### 11. 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:

	2023 S\$	2022 S\$
Margin balances held with related party of the Trustee	59,657	115
Bank balances held with related party of the Trustee	659,401	2,243,644
	<u>719,058</u>	<u>2,243,759</u>

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## NIKKO AM SHENTON ASIA BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

#### 12. Financial ratios

##### Expense ratio

		2023	2022
<b><u>SGD Class A</u></b>			
Total operating expenses	S\$	77,035	63,659
Average daily net asset value	S\$	5,331,851	4,900,306
<b>Total expense ratio<sup>1</sup></b>	<b>%</b>	<b>1.44</b>	<b>1.30</b>

		2023	2022
<b><u>USD Class A</u></b>			
Total operating expenses	S\$	3,882	3,742
Average daily net asset value	S\$	268,879	288,318
<b>Total expense ratio<sup>1</sup></b>	<b>%</b>	<b>1.44</b>	<b>1.30</b>

		2023	2022
<b><u>SGD Class B</u></b>			
Total operating expenses	S\$	339,642	340,821
Average daily net asset value	S\$	27,664,238	31,437,217
<b>Total expense ratio<sup>1</sup></b>	<b>%</b>	<b>1.23</b>	<b>1.08</b>

		2023	2022
<b><u>USD Class B</u></b>			
Total operating expenses	S\$	705	641
Average daily net asset value	S\$	57,515	58,877
<b>Total expense ratio<sup>1</sup></b>	<b>%</b>	<b>1.23</b>	<b>1.09</b>

##### Turnover ratio

		2023	2022
Lower of total value of purchases or sales	S\$	92,477,388	107,671,305
Average daily net asset value	S\$	33,322,483	36,684,718
<b>Total turnover ratio<sup>2</sup></b>	<b>%</b>	<b>277.52</b>	<b>293.50</b>

<sup>1</sup> The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at financial 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.

<sup>2</sup> The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, divided by the average daily net asset value.

#### 13. Comparatives

When necessary, comparatives figures have been adjusted to conform with the changes in presentation in the current period. The revised presentation does not result in a change in the Fund's net assets or deficit/return after income tax.

## NIKKO AM SHENTON ASIA BOND FUND

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

### REPORT TO UNITHOLDERS

For the financial year ended 30 June 2023

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The following contains additional information relating to the Fund.

#### 1. Distribution of investments

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

#### 2. Credit rating of debt securities

	Fair value at 30 June 2023 S\$	Percentage of total net assets attributable to unitholders at 30 June 2023 %
Aaa	1,667,791	5.03
A3	1,969,901	5.94
Baa1	1,000,331	3.02
Baa2	611,518	1.84
Not rated	25,702,416	77.47
Accrued interest receivables on quoted fixed income securities	256,852	0.77
<b>Total</b>	<b>31,208,809</b>	<b>94.07</b>

#### 3. Top 10 holdings

##### 10 largest holdings at 30 June 2023

	Fair value S\$	Percentage of total net assets attributable to unitholders %
NikkoAM-ICBCSG China Bond ETF	1,600,342	4.82
Indonesia Treasury Bond 8.125% due 15/05/2024	1,566,497	4.72
Korea Treasury Bond 3.25% due 10/03/2028	1,514,951	4.57
China Government Bond 3.32% due 15/04/2052	1,165,765	3.51
Thailand Government Bond 3.35% due 17/06/2033	1,142,562	3.44
Malaysia Government Bond 4.254% due 31/05/2035	1,036,777	3.12
Hong Kong Government Bond 2.48% due 28/02/2029	1,031,915	3.11
Korea Treasury Bond 3.375% due 10/03/2025	1,022,127	3.08
India Government Bond 7.57% due 17/06/2033	1,017,951	3.07
Westpac Banking Corporation 4.65% due 07/09/2032	1,000,331	3.02

## NIKKO AM SHENTON ASIA BOND FUND

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

### REPORT TO UNITHOLDERS

For the financial year ended 30 June 2023

#### 3. Top 10 holdings (continued)

10 largest holdings at 30 June 2022	Fair value S\$	Percentage of total net assets attributable to unitholders %
Nikko AM China Onshore Bond Fund	2,602,120	7.47
China Government Bond 2.75% due 17/02/2032	2,056,186	5.90
Malaysia Government Bond 3.582% due 15/07/2032	1,785,592	5.12
Hong Kong Government Bond 2.48% due 28/02/2029	1,743,020	5.00
Thailand Government Bond 3.65% due 20/06/2031	1,548,981	4.44
Ascendas Real Estate Investment Trust 3% due 31/12/2060	1,452,660	4.17
Korea Treasury Bond 1.5% due 10/09/2036	1,316,433	3.78
Thailand Government Bond 1.585% due 17/12/2035	1,270,825	3.65
HSBC Holdings Public Listed Company 5.25% due 27/06/2032	1,264,094	3.63
Asian Development Bank 6.2% due 06/10/2026	1,109,212	3.18

#### 4. Exposure to financial derivatives

	Fair value at 30 June 2023 S\$	Percentage of total net assets attributable to unitholders at 30 June 2023 %	Unrealised gains/(losses) S\$	Realised gains/(losses) S\$
Forward foreign exchange contracts	18,702	0.06	18,702	(131,582)
Futures contracts	-	-	-	24,442
Interest rate swaps contracts	(9,121)	(0.03)	(9,121)	(1,829)

#### 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.

## **NIKKO AM SHENTON ASIA BOND FUND**

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

### **REPORT TO UNITHOLDERS**

*For the financial year ended 30 June 2023*

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#### **6. Collateral**

Please refer to Note 8 of the Notes to the Financial Statements on page 29.

#### **7. Securities lending or repurchase transactions**

Nil.

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

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

#### **9. Borrowings**

Nil.

#### **10. Amount of units created and cancelled for the financial year ended 30 June 2023**

	<b>S\$</b>
Units created	3,919,935
Units cancelled	(3,673,117)

#### **11. Turnover ratio**

Please refer to Note 12 of the Notes to the Financial Statements on page 41.

#### **12. Expense ratio**

Please refer to Note 12 of the Notes to the Financial Statements on page 41.

#### **13. Related party transactions**

Please refer to Note 11 of the Notes to the Financial Statements on page 40.

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

Nil.

#### **15. Soft dollar commissions/arrangements**

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

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Website: [www.nikkoam.com.sg](http://www.nikkoam.com.sg)

Company registration number 198202562H

# SEMI-ANNUAL REPORT

For the financial period ending 31 December 2022

**Nikko AM Shenton  
Asia Bond Fund**

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**MANAGERS**

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

**DIRECTORS OF THE MANAGERS**

Kiyotaka Ryu  
Seet Oon Hui Eleanor  
Hiroki Tsujimura

**TRUSTEE & REGISTRAR**

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

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**CUSTODIAN**

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

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

## PERFORMANCE SUMMARY

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Shenton Asia Bond Fund SGD Class A <sup>1</sup>	0.58	-2.70	-8.65	-2.01	-0.13	0.79	1.12
Nikko AM Shenton Asia Bond Fund SGD Class B <sup>1</sup>	0.68	-2.66	-8.59	-1.85	0.10	1.07	1.40
Benchmark <sup>2</sup>	0.53	-1.84	-7.86	-0.68	1.35	2.33	N/A

Source: Nikko Asset Management Asia Limited & Markit Indices Limited. Returns as at 31 December 2022. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Shenton Asia Bond Fund SGD Class A <sup>1</sup>	-4.44	-7.57	-13.22	-3.67	-1.15	0.27	0.82
Nikko AM Shenton Asia Bond Fund SGD Class B <sup>1</sup>	-4.35	-7.53	-13.16	-3.51	-0.92	0.55	1.11
Benchmark <sup>2</sup>	0.53	-1.84	-7.86	-0.68	1.35	2.33	N/A

Source: Nikko Asset Management Asia Limited & Markit Indices Limited. Returns as at 31 December 2022. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Shenton Asia Bond Fund USD Class A <sup>1</sup>	7.76	0.94	-8.09	-1.93	-0.18	-0.14	2.38
Nikko AM Shenton Asia Bond Fund USD Class B <sup>1</sup>	7.63	1.06	-8.06	-1.70	0.06	0.14	2.67
Benchmark <sup>2</sup>	7.55	1.86	-7.39	-0.59	1.28	1.38	N/A

Source: Nikko Asset Management Asia Limited & Markit Indices Limited. Returns as at 31 December 2022. Returns are calculated on a NAV-NAV basis, USD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Shenton Asia Bond Fund USD Class A <sup>1</sup>	2.37	-4.11	-12.68	-3.59	-1.20	-0.65	2.08
Nikko AM Shenton Asia Bond Fund USD Class B <sup>1</sup>	2.25	-3.99	-12.66	-3.37	-0.96	-0.37	2.37
Benchmark <sup>2</sup>	7.55	1.86	-7.39	-0.59	1.28	1.38	N/A

Source: Nikko Asset Management Asia Limited & Markit Indices Limited. Returns as at 31 December 2022. 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.

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**Inception date: 1 August 2005****Note:**

- (1) With effect from 17 October 2011, the Trust (formerly known as “DBSAM Investment Funds”) has been renamed Nikko AM Asia Investment Funds and the Fund (formerly known as “DBS Asia Bond Fund”) has been renamed Nikko AM Shenton Asia Bond Fund.
- (2) With effect from 1 October 2011, the HSBC Asian Local Bond Index (ALBI) Index has been designated as the benchmark against which the Fund’s performance will be measured. Prior to that, there was no benchmark for the Fund as it was managed on a total return basis.

With effect from 20 April 2016, the calculation and publication of the HSBC Asian Local Bond Index (ALBI) has ceased and the benchmark is replaced with the Markit iBoxx Asian Local Bond Index (ALBI).

The Markit iBoxx Asian Local Bond (ALBI) Index referenced herein is the property of Markit Indices Limited and is used under license. The Nikko AM Shenton Asia Bond Fund is not sponsored, endorsed, or promoted by Markit Indices Limited.

**Portfolio Review*****The Fund fell in the 6 months ended December 2022***

The Nikko AM Shenton Asia Bond Fund (the “Fund”) posted a return of -2.70% (in SGD terms, on a NAV-NAV basis) for the 6 months ended 31 December 2022. Our exposure in South Korea and Singapore contributed positively to returns, while holdings in China and Indonesia weighed negatively on returns.

**Market Review*****Yields of US Treasuries (USTs) rose over the period in review***

The UST yield curve shifted higher in the last six months of 2022. The European Central Bank (ECB) delivered a larger-than-expected 50 bps rate hike and the US Federal Reserve (Fed) raised the Fed Funds Rate by 75 basis points (bps) at the start of the period. In spite of these sizable moves, UST yields turned lower following a string of soft domestic data which quickly led markets to recalibrate recession risks in the world’s largest economy. Subsequently, the US August jobs report revealed resilience in job growth and softened concerns around recession but heightened expectations of further sizable policy rate hikes by the Fed. In addition, a record increase in German producer prices stoked renewed inflation concerns. At the Jackson Hole Symposium, Fed Chairman Jerome Powell declared that the central bank may raise rates further into restrictive territory and keep them there for a longer period. This prompted markets to unwind expectations for an early pivot by the Fed. Weakness in Treasuries was exacerbated thereafter by better-than-expected US labour and consumer price index (CPI) reports for August that cemented another sizable move in the Fed Funds Rate and raised expectations for a higher terminal rate.

There was a significant rise in front-end yields following the September Federal Open Market Committee (FOMC) meeting. Although the 75-bps increase was largely expected by markets, upward revisions to the policy rate and unemployment rate projections, together with downward revisions to growth estimates, signalled that the Fed would likely embark on a more protracted and/or aggressive monetary tightening cycle to combat rising inflation. Further, the Fed Chairman’s acknowledgment that some economic pain may be necessary to curb inflation, rattled markets. Risk sentiment turned decisively bearish towards end-September as markets focused on events unfolding in the UK. Gilt yields surged and the British pound hit an all-time low against the US dollar (USD) on concerns over the UK government’s medium-

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term fiscal sustainability after the new administration unveiled its growth plan which included extensive tax cuts.

The Fed delivered a well-telegraphed 75 bps rate hike in November. Monetary policy expectations quickly shifted lower after US October CPI prints moderated by more than forecast. Hopes that inflationary pressures are finally ebbing prompted a significant rally in Treasury bonds as well as risk assets. The Fed raised rates by another 50 bps in December, with the accompanying statement and the upward revision in the interest rate forecast dots being more hawkish than anticipated. Separately, the Bank of Japan (BOJ) made a surprise tweak to its yield curve control (YCC)—widening the tolerance band around its 10-year Japanese government bond (JGB) yield target to  $\pm 0.5\%$  (from  $\pm 0.25\%$ ), fuelling a sell-off in JGBs as well as major global rates including USTs. Thereafter, the upward pressure to yields was supported as markets digested the prospects for growth and inflation amid China's rollback of COVID isolation measures. At end-2022, the benchmark 10-year UST yield was at 3.877%, 86 bps higher compared to end-June 2022.

#### ***Asian government bonds and currencies registered mixed performances***

Asian local currency government bonds registered mixed performances over the period. Yields of Indonesia, Malaysia, Philippine and Thai government bonds mostly fell. In contrast, yields of China, Singapore and South Korea government bonds mostly rose. The underperformance of South Korean and Singapore government bonds was prompted largely by their relatively higher sensitivities to UST moves. Meanwhile, optimism on China's reopening weighed on demand for Chinese government bonds.

Currencies in the region also registered mixed performances against the USD, with the Singapore dollar (SGD) outperforming and Indonesian rupiah (IDR) underperforming. The SGD's outperformance was supported largely by the further foreign exchange (FX) policy tightening by the Monetary Authority of Singapore (MAS) during the period.

#### ***CPI prints remained elevated over the period***

High energy and food prices were key factors that kept inflationary pressures elevated for most countries in the region. That said, headline CPI prints for some countries moderated towards the end of the year. In the latest reading, headline CPI inflation in Singapore printed 6.7% year-on-year (YoY) in November 2022, unchanged from June 2022. In South Korea, the November 2022 CPI registered 5.0%, down from 5.7% in October 2022, printing above the Bank of Korea's 2% inflation target since April 2021. Inflationary pressures in Thailand similarly eased compared to June 2022, with overall CPI coming in at 5.55% YoY in November 2022, from 7.66% in June. In the Philippines, headline CPI continued to accelerate over the period, rising to 8.0% YoY in November 2022 from 6.1% in June 2022, as food prices continued to climb.

#### ***Central banks in the region tightened monetary policies to rein in inflation***

The threat of higher and more persistent inflation prompted most central banks in the region to tighten monetary conditions over the period. Bank Negara Malaysia raised its Overnight Policy Rate by a total of 75 bps in the six-month period. Moving forward, the bank declared that adjustments to monetary policy settings will continue to be "measured and gradual", ensuring that monetary policy remains accommodative to support sustainable economic growth in an environment of price stability. Monetary authorities in the Philippines and Singapore moved aggressively to dampen inflation. The Bangko Sentral ng Pilipinas raised its policy rate by a total of 300 bps, while the MAS strengthened the Singapore dollar twice. In contrast, the Bank of Thailand took on a significantly more gradual rate hike approach, citing well-anchored medium-term inflation expectations and subdued demand-pull inflation pressures.

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## **Market Outlook & Strategy**

### ***Remain constructive on overall duration; Prefer Singapore, Korea and Indonesia government bonds***

We expect lower global inflation, and weaker global growth outlook in 2023 and we think that Fed is likely to pause on rate hikes by the first quarter of 2023. Against this backdrop, we are broadly constructive on regional bonds as most Asia central banks are nearing the end of their rate hike cycle. Within Asia, we favour both Singapore and South Korean government bonds, given their relatively higher sensitivities to stabilising UST bond yields. In addition, we think that Korea central bank would end their rate hike cycle soon. Meanwhile, demand for Indonesia bonds is likely to be supported when upward pressure on global bond yields eases and market focus turns to their attractive real yields relative to regional peers.

### ***Prefer Singapore dollar and the Thai baht***

On currencies, we take a neutral to underweight view on the USD, as we see waning demand for the currency when the Fed pivots. Also, earlier than expected reopening of China border and COVID measures should support regional growth and FX sentiments. We expect overall Asia FX to outperform USD and see further room for THB and SGD's outperformance against other regional currencies. In Singapore, sticky core inflation will prompt the MAS to keep the SGD nominal effective exchange rate (NEER) on an appreciating stance. Meanwhile, demand for the THB could increase meaningfully once China reopens its borders and further boost tourism flows into Thailand.

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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 only be offered to professional investors in Hong Kong and is not authorised by the Securities and Futures Commission. 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 SHENTON ASIA BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial period from 01 July 2022 to 31 December 2022 (unaudited)*

	<b>31 December 2022</b>	31 December 2021
	<b>S\$</b>	S\$
<b>Income</b>		
Dividends	<b>8,741</b>	55,558
Interest on cash and cash equivalents	<b>9,571</b>	454
	<b>18,312</b>	56,012
<b>Less: Expenses</b>		
Management fee	<b>139,485</b>	155,473
Management fee rebate	<b>(2,356)</b>	(12,525)
Registrar fee	<b>11,030</b>	10,377
Trustee fee	<b>6,689</b>	7,523
Custody fee	<b>4,569</b>	5,747
Audit fee	<b>7,513</b>	7,418
Valuation fee	<b>7,526</b>	8,464
Transaction costs	<b>18,660</b>	12,742
Other expenses	<b>43,987</b>	26,233
	<b>237,103</b>	221,452
<b>Net losses</b>	<b>(218,791)</b>	(165,440)
<b>Net gains or losses on value of investments and financial derivatives</b>		
Net losses on investments	<b>(739,430)</b>	(14,447)
Net foreign exchange losses	<b>(78,075)</b>	(31,703)
Net gains/(losses) on financial derivatives	<b>21,446</b>	(20,189)
	<b>(796,059)</b>	(66,339)
<b>Total deficit for the financial period before income tax</b>	<b>(1,014,850)</b>	(231,779)
<b>Less: Income tax</b>	<b>(27,494)</b>	(70,450)
<b>Total deficit for the financial period after income tax</b>	<b>(1,042,344)</b>	(302,229)

**NIKKO AM SHENTON ASIA BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF FINANCIAL POSITION***As at 31 December 2022 (unaudited)*

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	<b>31 December 2022</b>	30 June 2022
	<b>S\$</b>	S\$
<b>ASSETS</b>		
Portfolio of investments	<b>30,301,115</b>	34,434,442
Sales awaiting settlement	-	250,432
Receivables	<b>43,979</b>	48,561
Margin accounts	<b>113</b>	115
Cash and cash equivalents	<b>2,642,914</b>	2,243,644
Financial derivatives at fair value	<b>53,418</b>	318,985
<b>Total assets</b>	<b>33,041,539</b>	37,296,179
<b>LIABILITIES</b>		
Payables	<b>140,688</b>	117,112
Purchases awaiting settlement	<b>825,787</b>	1,319,963
Distribution payable	<b>661,287</b>	698,994
Financial derivatives at fair value	<b>47,114</b>	312,381
<b>Total liabilities</b>	<b>1,674,876</b>	2,448,450
<b>EQUITY</b>		
Net assets attributable to unitholders	<b>31,366,663</b>	34,847,729

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**NIKKO AM SHENTON ASIA BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial period from 01 July 2022 to 31 December 2022 (unaudited)*

	<b>31 December 2022</b>	30 June 2022
	<b>S\$</b>	S\$
<b>Net assets attributable to unitholders at the beginning of the financial period/year</b>	<b>34,847,729</b>	38,063,715
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	<b>(1,042,344)</b>	(2,553,011)
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	<b>982,615</b>	7,592,793
Cancellation of units	<b>(2,760,043)</b>	(6,878,361)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	<b>(1,777,428)</b>	714,432
Distributions	<b>(661,294)</b>	(1,377,407)
Total decreases in net assets attributable to unitholders	<b>(3,481,066)</b>	(3,215,986)
<b>Net assets attributable to unitholders at the end of the financial period/year</b>	<b>31,366,663</b>	34,847,729

**NIKKO AM SHENTON ASIA BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2022 (unaudited)***By Geography (Primary)**

	Holdings at 31 December 2022	Fair value at 31 December 2022 S\$	Percentage of total net assets attributable to unitholders at 31 December 2022 %
<b>Quoted Fixed Income Securities</b>			
<b>AUSTRALIA</b>			
Westpac Banking Corporation 4.65% due 07/09/2032	500,000	495,983	1.58
<b>Total AUSTRALIA</b>		<b>495,983</b>	<b>1.58</b>
<b>CHINA</b>			
China Government Bond 2.44% due 15/10/2027	5,000,000	961,426	3.07
China Government Bond 2.75% due 17/02/2032	5,000,000	959,720	3.06
China Government Bond 2.8% due 24/03/2029	5,000,000	969,172	3.09
China Government Bond 3.02% due 27/05/2031	5,000,000	981,548	3.13
China Government Bond 3.32% due 15/04/2052	2,000,000	395,742	1.26
<b>Total CHINA</b>		<b>4,267,608</b>	<b>13.61</b>
<b>HONG KONG SAR</b>			
Hong Kong Government Bond 0.8% due 27/08/2027	1,000,000	150,963	0.48
Hong Kong Government Bond 2.48% due 28/02/2029	6,500,000	1,047,602	3.34
Vanke Real Estate Hong Kong Company Limited 3.45% due 25/05/2024	2,000,000	357,358	1.14
<b>Total HONG KONG SAR</b>		<b>1,555,923</b>	<b>4.96</b>
<b>INDIA</b>			
India Government Bond 6.67% due 15/12/2035	40,000,000	608,616	1.94
India Government Bond 6.79% due 15/05/2027	15,000,000	239,378	0.76
India Government Bond 7.57% due 17/06/2033	60,000,000	987,159	3.15
<b>Total INDIA</b>		<b>1,835,153</b>	<b>5.85</b>
<b>INDONESIA</b>			
Indonesia Treasury Bond 5.5% due 15/04/2026	8,500,000,000	718,114	2.29
Indonesia Treasury Bond 6.875% due 15/08/2051	3,000,000,000	247,142	0.79
Indonesia Treasury Bond 7% due 15/02/2033	10,000,000,000	866,112	2.76
Indonesia Treasury Bond 7.125% due 15/06/2042	4,000,000,000	345,731	1.10
Indonesia Treasury Bond 7.125% due 15/06/2038	4,000,000,000	346,277	1.10
Indonesia Treasury Bond 7.125% due 15/06/2043	2,000,000,000	172,607	0.55
Indonesia Treasury Bond 7.5% due 15/04/2040	2,000,000,000	177,818	0.57
<b>Total INDONESIA</b>		<b>2,873,801</b>	<b>9.16</b>
<b>MALAYSIA</b>			
Malaysia Government Bond 3.478% due 14/06/2024	3,000,000	912,376	2.91
Malaysia Government Bond 3.582% due 15/07/2032	2,000,000	587,333	1.87
Malaysia Government Bond 4.254% due 31/05/2035	1,500,000	459,453	1.47
Malaysia Government Bond 4.504% due 30/04/2029	2,000,000	626,458	2.00
Malaysia Government Bond 4.696% due 15/10/2042	1,000,000	316,807	1.01
Malaysia Government Bond 4.762% due 07/04/2037	1,000,000	321,374	1.02
Malaysia Government Investment Issue 5.357% due 15/05/2052	980,000	325,837	1.04
<b>Total MALAYSIA</b>		<b>3,549,638</b>	<b>11.32</b>
<b>PHILIPPINES</b>			
Philippine Government Bond 2.625% due 12/08/2025	28,000,000	616,261	1.97
Philippine Government Bond 3.625% due 21/03/2033	20,000,000	361,612	1.15
Philippine Government Bond 4.875% due 20/01/2032	10,000,000	207,453	0.66
Philippine Government Bond 7.25% due 23/06/2032	35,000,000	866,975	2.76
<b>Total PHILIPPINES</b>		<b>2,052,301</b>	<b>6.54</b>

**NIKKO AM SHENTON ASIA BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2022 (unaudited)***By Geography (Primary) (continued)**

	Holdings at 31 December 2022	Fair value at 31 December 2022 S\$	Percentage of total net assets attributable to unitholders at 31 December 2022 %
<b>Quoted Fixed Income Securities (continued)</b>			
<b>SINGAPORE</b>			
ESR-Logos REIT 5.5% due 09/12/2170	500,000	444,546	1.42
Keppel Corporation Limited 2.9% due 16/03/2170	500,000	456,405	1.45
Monetary Authority of Singapore Bill 0% due 03/02/2023	700,000	697,501	2.22
Singapore Government Bond 1.75% due 01/02/2023	850,000	848,284	2.70
Singapore Government Bond 1.875% due 01/03/2050	200,000	174,600	0.56
Singapore Government Bond 1.875% due 01/10/2051	100,000	88,472	0.28
Singapore Government Bond 2.625% due 01/08/2032	100,000	96,371	0.31
Singapore Government Bond 2.75% due 01/04/2042	400,000	409,336	1.31
Singapore Government Bond 2.75% due 01/03/2046	400,000	417,200	1.33
Singapore Government Bond 3% due 01/08/2072	100,000	109,029	0.35
Singapore Government Bond 3.375% due 01/09/2033	400,000	409,800	1.31
Singapore Government Bond 3.5% due 01/03/2027	200,000	205,200	0.65
<b>Total SINGAPORE</b>		<b>4,356,744</b>	<b>13.89</b>
<b>SOUTH KOREA</b>			
Korea Treasury Bond 1.5% due 10/09/2036	1,600,000,000	1,300,432	4.15
Korea Treasury Bond 1.875% due 10/09/2041	900,000,000	723,672	2.31
Korea Treasury Bond 2.25% due 10/06/2025	500,000,000	512,028	1.63
Korea Treasury Bond 2.375% due 10/12/2027	100,000,000	99,597	0.32
Korea Treasury Bond 2.5% due 10/03/2052	400,000,000	336,935	1.06
Korea Treasury Bond 3.375% due 10/06/2032	1,200,000,000	1,237,627	3.95
<b>Total SOUTH KOREA</b>		<b>4,210,291</b>	<b>13.42</b>
<b>THAILAND</b>			
Thailand Government Bond 1.585% due 17/12/2035	10,000,000	330,657	1.06
Thailand Government Bond 2% due 17/06/2042	30,000,000	938,839	2.99
Thailand Government Bond 3.39% due 17/06/2037	14,000,000	564,019	1.80
Thailand Government Bond 3.65% due 20/06/2031	10,000,000	423,220	1.35
<b>Total THAILAND</b>		<b>2,256,735</b>	<b>7.20</b>
<b>UNITED STATES OF AMERICA</b>			
United States Treasury Note/Bond 2% due 15/02/2023	500,000	668,790	2.13
United States Treasury Note/Bond 4% due 15/11/2052	250,000	338,863	1.08
<b>Total UNITED STATES OF AMERICA</b>		<b>1,007,653</b>	<b>3.21</b>
<b>Accrued interest receivable on quoted fixed income securities</b>		<b>207,766</b>	<b>0.66</b>
<b>Total Quoted Fixed Income Securities</b>		<b>28,669,596</b>	<b>91.40</b>

**NIKKO AM SHENTON ASIA BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2022 (unaudited)***By Geography (Primary) (continued)**

	Holdings at 31 December 2022	Fair value at 31 December 2022 S\$	Percentage of total net assets attributable to unitholders at 31 December 2022 %
<b>Quoted Investment Fund</b>			
<b>SINGAPORE</b>			
NikkoAM-ICBCSG China Bond ETF	1,550,000	1,631,519	5.20
<b>Total SINGAPORE</b>		<u>1,631,519</u>	<u>5.20</u>
<b>Total Quoted Investment Fund</b>		<u>1,631,519</u>	<u>5.20</u>
<b>Portfolio of investments</b>		30,301,115	96.60
<b>Other net assets</b>		<u>1,065,548</u>	<u>3.40</u>
<b>Net assets attributable to unitholders</b>		<u>31,366,663</u>	<u>100.00</u>

**NIKKO AM SHENTON ASIA BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2022 (unaudited)***By Geography (Summary)**

	<b>Percentage of total net assets attributable to unitholders at 31 December 2022 %</b>	Percentage of total net assets attributable to unitholders at 30 June 2022 %
<b>Quoted Fixed Income Securities</b>		
Australia	<b>1.58</b>	-
Britain	-	5.06
China	<b>13.61</b>	11.89
Hong Kong SAR	<b>4.96</b>	7.28
India	<b>5.85</b>	3.04
Indonesia	<b>9.16</b>	7.07
Malaysia	<b>11.32</b>	9.65
Netherlands	-	1.45
Philippines	<b>6.54</b>	7.85
Singapore	<b>13.89</b>	16.49
South Korea	<b>13.42</b>	9.58
Supranational	-	3.18
Thailand	<b>7.20</b>	8.09
United States of America	<b>3.21</b>	-
Accrued interest receivables on quoted fixed income securities	<b>0.66</b>	0.71
<b>Total Quoted Fixed Income Securities</b>	<b>91.40</b>	91.34
<b>Quoted Investment Fund</b>		
Singapore	<b>5.20</b>	7.47
<b>Total Quoted Investment Fund</b>	<b>5.20</b>	7.47
<b>Portfolio of investments</b>	<b>96.60</b>	98.81
<b>Other net assets</b>	<b>3.40</b>	1.19
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	100.00

**NIKKO AM SHENTON ASIA BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2022 (unaudited)*

<b>By Industry (Secondary)</b>	<b>Fair value at 31 December 2022 S\$</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2022 %</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2022 %</b>
Banks	1,193,484	3.80	8.67
Debt Fund	1,631,519	5.20	7.47
Engineering and Construction	456,405	1.46	1.35
Multi-National	-	-	3.18
Real Estate	357,358	1.14	5.16
Real Estate Investment Trusts (REITS)	444,546	1.42	7.70
Sovereign	26,010,037	82.92	64.57
Accrued interest receivables on quoted fixed income securities	<b>207,766</b>	<b>0.66</b>	0.71
<b>Portfolio of investments</b>	<b>30,301,115</b>	<b>96.60</b>	98.81
<b>Other net assets</b>	<b>1,065,548</b>	<b>3.40</b>	1.19
<b>Net assets attributable to unitholders</b>	<b>31,366,663</b>	<b>100.00</b>	100.00

## NIKKO AM SHENTON ASIA BOND FUND

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

### REPORT TO UNITHOLDERS

For the financial period from 01 July 2022 to 31 December 2022 (unaudited)

The following contains additional information relating to the Fund.

#### 1. Distribution of investments

Please refer to the Statement of Portfolio on pages 10 to 14.

#### 2. Credit rating of debt securities

	Fair value at 31 December 2022 S\$	Percentage of total net assets attributable to unitholders at 31 December 2022 %
Aaa*	3,765,945	12.01
A3	459,453	1.47
Baa1	919,203	2.93
Baa2	569,065	1.81
Not rated**	22,748,164	72.52
Accrued interest receivables on quoted fixed income securities	207,766	0.66
<b>Total</b>	<b>28,669,596</b>	<b>91.40</b>

\* The balance includes securities that are issued by government agencies of governments that have a Aaa rating as rated by Moody's.

\*\* Not rated securities are supported by internal and other rating agencies credit ratings but are not disclosed due to licencing restrictions.

#### 3. Top 10 holdings

##### 10 Largest holdings at 31 December 2022

	Fair value S\$	Percentage of total net assets attributable to unitholders %
NikkoAM-ICBCSG China Bond ETF	1,631,519	5.20
Korea Treasury Bond 1.5% due 10/09/2036	1,300,432	4.15
Korea Treasury Bond 3.375% due 10/06/2032	1,237,627	3.95
Hong Kong Government Bond 2.48% due 28/02/2029	1,047,602	3.34
India Government Bond 7.57% due 17/06/2033	987,159	3.15
China Government Bond 3.02% due 27/05/2031	981,548	3.13
China Government Bond 2.8% due 24/03/2029	969,172	3.09
China Government Bond 2.44% due 15/10/2027	961,426	3.07
China Government Bond 2.75% due 17/02/2032	959,720	3.06
Thailand Government Bond 2% due 17/06/2042	938,839	2.99

## NIKKO AM SHENTON ASIA BOND FUND

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

### REPORT TO UNITHOLDERS

For the financial period from 01 July 2022 to 31 December 2022 (unaudited)

#### 3. Top 10 holdings (continued)

10 Largest holdings at 31 December 2021	Fair value S\$	Percentage of total net assets attributable to unitholders %
Nikko AM China Onshore Bond Fund	2,733,082	7.43
Korea Treasury Bond 1.5% due 10/09/2036	2,156,100	5.86
China Government Bond 4.15% due 04/12/2027	2,062,688	5.61
Korea Treasury Bond 4% due 10/12/2031	1,966,989	5.35
Thailand Government Bond 3.65% due 20/06/2031	1,636,460	4.45
China Government Bond 3.02% due 22/10/2025	1,076,280	2.93
China Government Bond 2.85% due 04/06/2027	1,068,934	2.91
Hong Kong Government International Bond 3% due 30/11/2026	1,065,852	2.90
Malaysia Government Bond 4.254% due 31/05/2035	1,006,243	2.74
Thailand Government Bond 1.585% due 17/12/2035	997,087	2.71

#### 4. Exposure to financial derivatives

	Fair value at 31 December 2022 S\$	Percentage of total net assets attributable to unitholders 31 December 2022 %	Unrealised gains/(losses) S\$	Realised gains/(losses) S\$
Forward foreign exchange contracts	6,304	0.02	6,304	32,837
Swaps	-	-	-	(17,695)

#### 5. Global exposure to financial derivatives

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

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



## NIKKO AM SHENTON ASIA BOND FUND

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

### REPORT TO UNITHOLDERS

For the financial period from 01 July 2022 to 31 December 2022 (unaudited)

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#### 6. Collateral

	31 December 2022 S\$	30 June 2022 S\$
Margin accounts	113	115

Margin account represents margin deposits held in respect of open exchange-traded futures contracts held with BNP Paribas, operating through its Singapore Branch. As at 31 December 2022 and 30 June 2022, there is no open exchange-traded futures contracts.

#### 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 10 to 14.

#### 9. Borrowings

Nil.

#### 10. Amount of units created and cancelled for the financial period ended 31 December 2022

	S\$
Units created	982,615
Units cancelled	(2,760,043)

#### 11. Turnover ratio

	31 December 2022	31 December 2021
Lower of total value of purchases or sales	S\$ 47,915,748	43,083,925
Average daily net asset value	S\$ 33,159,861	37,299,074
<b>Total turnover ratio<sup>1</sup></b>	<b>% 144.50</b>	115.51

<sup>1</sup> The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, divided by the average daily net asset value.

## NIKKO AM SHENTON ASIA BOND FUND

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

### REPORT TO UNITHOLDERS

For the financial period from 01 July 2022 to 31 December 2022 (unaudited)

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#### 12. Expense ratio

		<b>31 December 2022</b>	31 December 2021
<b><u>SGD Class A</u></b>			
Total operating expenses	S\$	<b>72,927</b>	63,689
Average daily net asset value	S\$	<b>5,224,583</b>	4,891,312
<b>Total expense ratio<sup>2</sup></b>	<b>%</b>	<b>1.40</b>	1.30
<hr/>			
		<b>31 December 2022</b>	31 December 2021
<b><u>USD Class A</u></b>			
Total operating expenses	S\$	<b>3,819</b>	3,847
Average daily net asset value	S\$	<b>274,394</b>	297,799
<b>Total expense ratio<sup>2</sup></b>	<b>%</b>	<b>1.39</b>	1.29
<hr/>			
		<b>31 December 2022</b>	31 December 2021
<b><u>SGD Class B</u></b>			
Total operating expenses	S\$	<b>341,145</b>	352,837
Average daily net asset value	S\$	<b>29,019,018</b>	32,707,974
<b>Total expense ratio<sup>2</sup></b>	<b>%</b>	<b>1.18</b>	1.08
<hr/>			
		<b>31 December 2022</b>	31 December 2021
<b><u>USD Class B</u></b>			
Total operating expenses	S\$	<b>699</b>	522
Average daily net asset value	S\$	<b>59,089</b>	48,259
<b>Total expense ratio<sup>2</sup></b>	<b>%</b>	<b>1.18</b>	1.08

<sup>2</sup> The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at financial period end was based on total operating expenses divided by the average net asset value for the 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 SHENTON ASIA BOND FUND

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

### REPORT TO UNITHOLDERS

For the financial period from 01 July 2022 to 31 December 2022 (unaudited)

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#### 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 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:

	<b>31 December 2022</b>	30 June 2022
	<b>S\$</b>	S\$
Bank balances held with related party of the Trustee	<b>2,642,914</b>	2,243,644
Margin accounts held with related party of the Trustee	<b>113</b>	115

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

Nil.

#### 15. Soft Dollar Commissions/Arrangements

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

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