

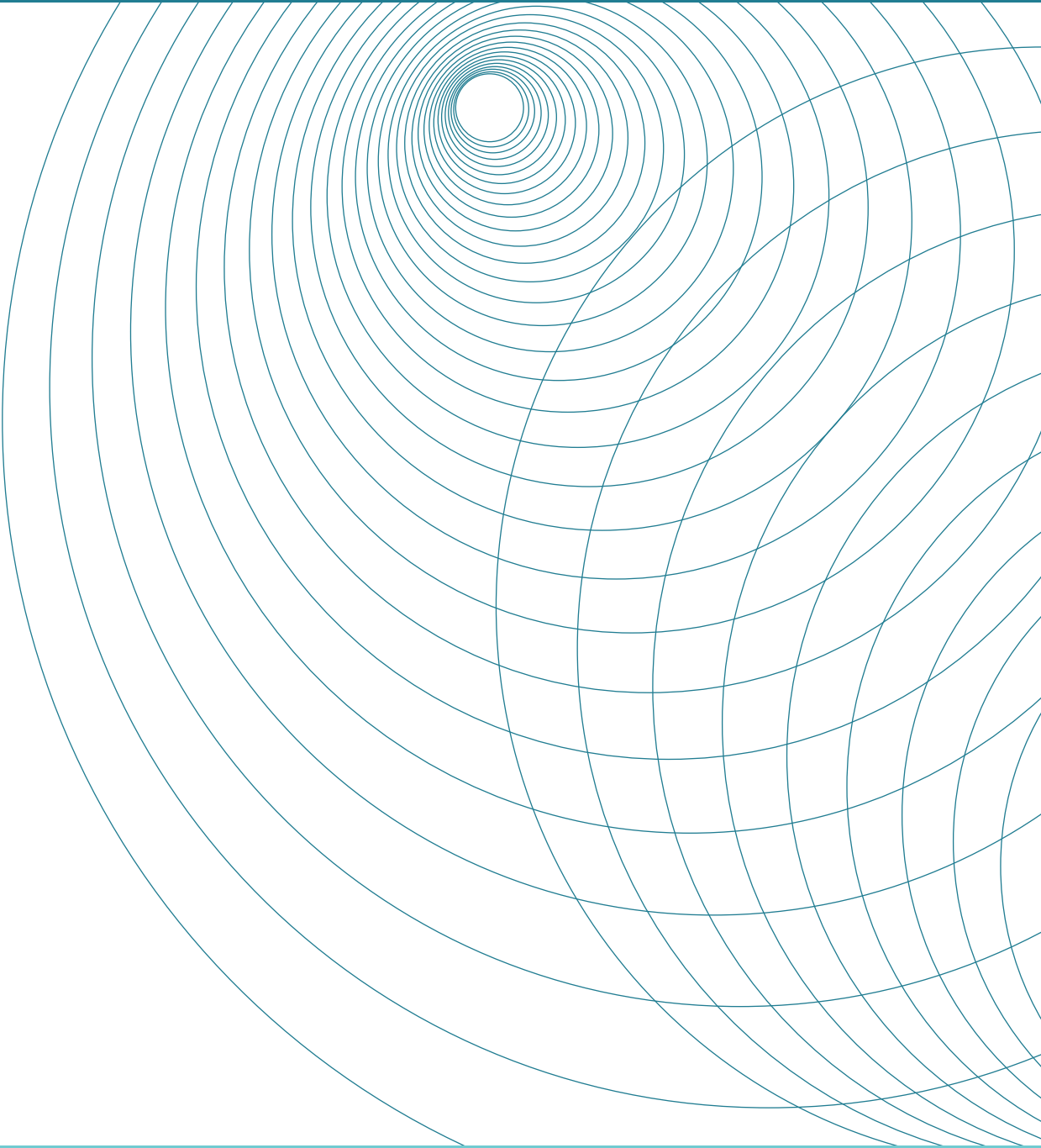
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# SEMI-ANNUAL REPORT

## Nikko AM Shenton Asia Bond Fund

Financial period ending 31 December 2024

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#### **MANAGERS**

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Singapore 018961  
Company Registration No. 198202562H

#### **DIRECTORS OF THE MANAGERS**

Seet Oon Hui Eleanor  
Yutaka Nishida  
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Allen Yan

#### **TRUSTEE & REGISTRAR**

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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>	0.92	4.87	3.92	-0.89	0.05	0.93	1.33
Nikko AM Shenton Asia Bond Fund - SGD Class B <sup>1</sup>	0.83	4.92	4.19	-0.70	0.25	1.20	1.62
Benchmark <sup>2</sup>	1.32	5.29	5.82	0.48	1.53	2.65	N/A

Source: Nikko Asset Management Asia Limited & S&P Dow Jones Indices GmbH. Returns as at 31 December 2024<sup>3</sup>. 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>	-4.13	-0.38	-1.28	-2.57	-0.97	0.41	1.06
Nikko AM Shenton Asia Bond Fund - SGD Class B <sup>1</sup>	-4.21	-0.33	-1.02	-2.39	-0.77	0.69	1.35
Benchmark <sup>2</sup>	1.32	5.29	5.82	0.48	1.53	2.65	N/A

Source: Nikko Asset Management Asia Limited & S&P Dow Jones Indices GmbH. Returns as at 31 December 2024<sup>3</sup>. 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>	-5.25	4.19	0.51	-1.24	-0.23	0.64	2.38
Nikko AM Shenton Asia Bond Fund - USD Class B <sup>1</sup>	-5.20	4.29	0.68	-1.09	-0.01	0.92	2.66
Benchmark <sup>2</sup>	-4.79	4.60	2.33	0.09	1.24	2.35	N/A

Source: Nikko Asset Management Asia Limited & S&P Dow Jones Indices GmbH. Returns as at 31 December 2024<sup>3</sup>. 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>	-9.99	-1.02	-4.51	-2.91	-1.25	0.13	2.11
Nikko AM Shenton Asia Bond Fund - USD Class B <sup>1</sup>	-9.94	-0.92	-4.35	-2.76	-1.03	0.40	2.39
Benchmark <sup>2</sup>	-4.79	4.60	2.33	0.09	1.24	2.35	N/A

Source: Nikko Asset Management Asia Limited & S&P Dow Jones Indices GmbH. Returns as at 31 December 2024<sup>3</sup>. 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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- (3) Fund and benchmark performance returns are calculated as of the last NAV date of the fund for the reporting period.
- (4) With effect from 1 September 2025, references to “Nikko Asset Management Asia Limited”, “Nikko AM Asia Investment Funds – Nikko AM Shenton Asia Bond Fund” and “Nikko Asset Management Co., Ltd.” shall be deemed deleted and replaced with “Amova Asset Management Asia Limited”, “Amova Asia Investment Funds - Amova Asia Bond Fund” and “Amova Asset Management Co., Ltd” respectively.

## **Portfolio Review**

### ***The Fund rises in the six months ended December 2024***

The Nikko AM Shenton Asia Bond Fund (the “Fund”) posted a return of 4.87% (in SGD terms, on a NAV-NAV basis) for the six months ended 31 December 2024. Our holdings in Malaysia, China, India, Indonesia, Philippines, Singapore and Thailand delivered positive contributions to returns, while exposure to South Korea and cash holdings had a negative impact.

## **Market Review**

### ***A volatile year for US Treasuries (USTs)***

The second half of 2024 saw US Treasury bonds oscillate between strong rallies and sharp sell-offs, reflecting shifts in economic data, US Federal Reserve (Fed) policy signals, and political developments.

UST yields declined significantly in the third quarter. Consecutive lower-than-expected nonfarm payroll numbers, downward revisions to previous months’ data, along with continued declines in inflation figures prompted a broad re-pricing of the US policy rate cycle. Anticipation of a September rate cut from the Fed led to a pronounced decline in yields and a significant weakening of the US dollar (USD). The Fed left interest rates unchanged at its July meeting, though meeting minutes revealed broad support for easing. In September, the Fed delivered its long-anticipated pivot, prompting another broad decline in UST yields, with short-dated bonds significantly outperforming. According to the US central bank, the outsized move was to address growing risks in the labour market. That said, both the Fed’s Summary of Economic Projections (SEP) and remarks from the Fed Chair during the press conference were interpreted as more hawkish, pushing yields at the long-end of the curve to drift somewhat higher.

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In the last quarter of 2024, USTs experienced a sharp sell-off due to relatively strong US economic data, hawkish Fed signals, and concerns over the incoming Trump administration. Strong nonfarm payrolls and higher-than-expected core consumer price index (CPI) prints pushed yields higher in October, while divided opinions in the September meeting minutes over the size of the rate cut added pressure. In November, Donald Trump's election victory fuelled a sell-off in Treasuries as markets anticipated stronger growth, higher inflation and larger budget deficits under a Republican-controlled government. The Fed's 25-basis point (bp) rate cut was overshadowed by cautious remarks by Fed Chair Powell, tempering expectations for additional easing. A brief rally followed Trump's nomination of a fiscally conservative Treasury secretary, signalling potential fiscal restraint. Yields climbed further in December after bearish European market moves and a poorly digested long-end bond auction. Despite another 25-bp Fed rate cut, hawkish guidance projecting fewer cuts in 2025 weighed on sentiment. Overall, the benchmark 2-year and 10-year UST yields settled at 4.24% and 4.57% respectively at the end of the period, down 51 bps and up 18 bps compared to end-June 2024.

***Asian government bonds mostly gained; currencies register mixed performances against the USD***

Yields of Asian local currency government bonds mostly declined over the period. On a total return basis, Thai government bonds outperformed, while Malaysian government bonds underperformed. Regional currencies registered mixed performances against the USD in the six-month period. The Thai baht, Malaysian ringgit, Indonesian rupiah and Philippine peso appreciated against the greenback, whereas the South Korean won, Chinese yuan, Singapore dollar and Indian rupee weakened. The robust performance of the Thai baht and Malaysian ringgit was primarily driven by better-than-expected growth prospects for their respective economies.

***Countries register decent growths in the third quarter of 2024***

Thailand's gross domestic product (GDP) growth accelerated to 3.0% in the third quarter, exceeding expectations and improving from a downwardly revised 2.2% from April to June. The growth was primarily driven by a substantial increase in government spending, while private sector spending growth slowed, reflecting weaker private consumption. In Singapore, third quarter GDP growth was revised sharply upward to 5.4% year-on-year (YoY), up from the initial estimate of 4.1%. The revision was supported by strong performance in both the manufacturing and services sectors.

Chinese GDP growth slowed in the third quarter, expanding by 4.6% YoY, slightly below the 4.7% growth recorded in the second quarter. Indonesia recorded GDP growth of 4.95% YoY in the third quarter, slightly lower than the 5.05% growth posted in the second quarter. The moderation was largely attributed to slower household consumption growth. Meanwhile, the Philippines' GDP growth decelerated to 5.2% YoY in the third quarter of 2024, down from an upwardly revised 6.4% in the April-June period. The slowdown was partly due to a contraction in the agriculture sector.

***Headline CPI prints remain subdued over the period***

Key gauges of overall price pressures remained largely subdued across the region in the period. In the latest reading, Philippines' inflation accelerated to 2.5% YoY in November compared to 2.3% in October, marking the second consecutive monthly increase. Policymakers attributed the rise partly to faster price increases in food and non-alcoholic beverages. In Indonesia, headline CPI inflation registered 1.55% YoY in November, slightly exceeding analysts' forecast of 1.50%, remaining at the lower end of Bank Indonesia's target range. Thailand's inflation rose to 0.95% YoY in November from 0.83% in October. Core inflation similarly edged up to 0.80% YoY from 0.77% over the period. In Singapore, headline inflation rose slightly to 1.6% compared to 1.4% in October, lower than the expectation of 1.8%. Core inflation printed 1.9%, lower than expectations and the October print of 2.1%. In South Korea, headline inflation edged up in November but remained below the central bank's 2% target. The headline CPI increased by 1.5% YoY, up from 1.3% in October, driven partly by higher transport inflation. In contrast,

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Malaysia's headline inflation for November printed slightly lower than consensus estimates and the prior month's print.

***Central banks eased monetary policy***

The Bangko Sentral ng Pilipinas (BSP) became the first major central bank outside China to initiate a rate-cutting cycle, lowering its overnight repurchase facility rate by 25 bps in August 2024, starting its easing cycle ahead of the Fed. The BSP continued its easing stance, cutting rates by an additional 25 bps each in October and December.

In Indonesia, Bank Indonesia (BI) reduced its policy rate by 25 bps in September but maintained it for the remainder of the period. Similarly, Bank of Korea cut its policy rate by a total of 50 bps, implementing two consecutive reductions of 25 bps each in October and November. In Thailand, the Bank of Thailand lowered rates by 25 bps in October. However, the central bank governor emphasised that this adjustment should be viewed as a "recalibration" rather than the beginning of a prolonged easing cycle.

Elsewhere, the Monetary Authority of Singapore kept the prevailing rate of appreciation of the Singapore dollar nominal effective exchange rate (SGDNEER) policy band, leaving the width and the level at which it is centred unchanged. In India, although the Reserve Bank of India (RBI) opted to keep the repurchase rate steady, it reduced the cash reserve ratio—the proportion of a bank's total deposits required to be held in liquid cash with the RBI—by 50 bps to bolster liquidity in the financial system.

**Market Outlook & Strategy**

***Asian local government bonds to outperform other regions in 2025***

Given the lower volatility of the market, Asian local government bonds are positioned for decent performance in 2025. This will be supported by accommodative central banks amid an environment of benign inflation and moderating growth. The ongoing global easing cycle is expected to lower global yields, further boosting support to Asian bond markets. Furthermore, we expect global growth to moderate in the medium term, driven in part by potential tariff threats from the US. This scenario is likely to support bond markets overall. Amid the uncertainties of the new Trump administration, we are broadly cautious on Asian currencies in the near term. That said, we expect the impact on Asian currencies should be tempered by the region's strong fundamentals and the Fed's easing path over the longer term.

As the Fed extends its monetary easing, Indian government bonds are becoming increasingly attractive due to their high real yields. Additionally, India's services account is improving, buoyed by rising exports of software, travel and business services, which is alleviating pressures on its current account deficit. The inclusion of Indian bonds in JP Morgan's GBI-EM Index is also expected to drive sustained foreign inflows, boosting demand further. Moreover, the RBI's recent shift to a neutral monetary stance hint at a possible pivot to more accommodative measures going forward. Lastly, S&P Global's positive outlook on India signals the potential for a long-awaited ratings upgrade in medium term.



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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 2024 to 31 December 2024 (unaudited)*

	<b>31 December 2024</b>	31 December 2023
	<b>S\$</b>	<b>S\$</b>
<b>Income</b>		
Interest on cash and cash equivalents	<b>10,979</b>	11,371
	<b>10,979</b>	11,371
<b>Less: Expenses</b>		
Management fee	<b>133,422</b>	138,057
Management fee rebate	<b>(1,263)</b>	(1,218)
Transfer agent fee	<b>13,607</b>	9,580
Trustee fee	<b>6,409</b>	6,615
Custody fee	<b>4,546</b>	6,140
Audit fee	<b>7,360</b>	8,748
Valuation fee	<b>7,210</b>	7,441
Transaction costs	<b>16,707</b>	11,429
Other expenses	<b>38,108</b>	30,223
	<b>226,106</b>	217,015
<b>Net losses</b>	<b>(215,127)</b>	(205,644)
<b>Net gains or losses on value of investments and financial derivatives</b>		
Net gains on investments	<b>1,681,427</b>	780,924
Net foreign exchange gains/(losses)	<b>5,918</b>	(39,646)
Net gains/(losses) on financial derivatives	<b>122,800</b>	(104,829)
	<b>1,810,145</b>	636,449
<b>Total return for the financial period before income tax</b>	<b>1,595,018</b>	430,805
<b>Less: Income tax</b>	<b>(81,304)</b>	(50,600)
<b>Total return for the financial period after income tax</b>	<b>1,513,714</b>	380,205

**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 2024 (unaudited)*

	<b>31 December 2024</b>	<b>30 June 2024</b>
	<b>S\$</b>	<b>S\$</b>
<b>ASSETS</b>		
Portfolio of investments	<b>29,758,358</b>	30,360,717
Sales awaiting settlement	-	1,202,273
Receivables	<b>71,764</b>	93,191
Cash and cash equivalents	<b>1,655,245</b>	1,041,015
Margin accounts	<b>6,703</b>	6,509
Financial derivatives at fair value	<b>7,122</b>	15,951
<b>Total assets</b>	<b>31,499,192</b>	32,719,656
<b>LIABILITIES</b>		
Payables	<b>173,663</b>	162,749
Purchases awaiting settlement	-	710,456
Distributions payable	<b>657,602</b>	685,327
Financial derivatives at fair value	<b>1,889</b>	33,592
<b>Total liabilities</b>	<b>833,154</b>	1,592,124
<b>EQUITY</b>		
Net assets attributable to unitholders	<b>30,666,038</b>	31,127,532

**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 2024 to 31 December 2024 (unaudited)*

	<b>31 December 2024</b> <b>S\$</b>	<b>30 June 2024</b> <b>S\$</b>
<b>Net assets attributable to unitholders at the beginning of the financial period/year</b>	<b>31,127,532</b>	<b>33,178,947</b>
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	<b>1,513,714</b>	<b>139,693</b>
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	<b>530,631</b>	<b>1,348,935</b>
Cancellation of units	<b>(1,848,315)</b>	<b>(2,152,126)</b>
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	<b>(1,317,684)</b>	<b>(803,191)</b>
Distributions	<b>(657,524)</b>	<b>(1,387,917)</b>
Total decreases in net assets attributable to unitholders	<b>(461,494)</b>	<b>(2,051,415)</b>
<b>Net assets attributable to unitholders at the end of the financial period/year</b>	<b>30,666,038</b>	<b>31,127,532</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 2024 (unaudited)***By Geography (Primary)**

	Holdings at 31 December 2024	Fair value at 31 December 2024 S\$	Percentage of total net assets attributable to unitholders at 31 December 2024 %
<b>Quoted Fixed Income Securities</b>			
<b>AUSTRALIA</b>			
Australia & New Zealand Banking Group Limited 3.75% due 15/11/2034	500,000	499,843	1.63
<b>Total AUSTRALIA</b>		<b>499,843</b>	<b>1.63</b>
<b>BRITAIN</b>			
Barclays Public Listed Company 5.4% due 15/03/2173	250,000	250,704	0.82
<b>Total BRITAIN</b>		<b>250,704</b>	<b>0.82</b>
<b>CHINA</b>			
China Development Bank 2.64% due 08/01/2031	5,000,000	981,972	3.20
China Government Bond 2.27% due 25/05/2034	7,000,000	1,368,741	4.46
China Government Bond 3% due 15/10/2053	4,000,000	914,582	2.99
<b>Total CHINA</b>		<b>3,265,295</b>	<b>10.65</b>
<b>FRANCE</b>			
BNP Paribas SA 3.95% due 15/04/2035	500,000	496,688	1.62
<b>Total FRANCE</b>		<b>496,688</b>	<b>1.62</b>
<b>HONG KONG SAR</b>			
Hong Kong Government Bond 2.48% due 28/02/2029	5,500,000	934,857	3.05
Hong Kong Government Bond 2.49% due 22/08/2028	2,000,000	341,490	1.11
Hong Kong Government Bond 2.95% due 24/02/2025	1,500,000	263,031	0.86
MTR Corporation Limited 3.1% due 01/03/2025	5,000,000	929,556	3.03
<b>Total HONG KONG SAR</b>		<b>2,468,934</b>	<b>8.05</b>
<b>INDIA</b>			
India Government Bond 6.67% due 15/12/2035	40,000,000	629,096	2.05
India Government Bond 6.79% due 15/05/2027	15,000,000	239,318	0.78
India Government Bond 7.06% due 10/04/2028	40,000,000	643,519	2.10
India Government Bond 7.1% due 08/04/2034	40,000,000	650,530	2.12
India Government Bond 7.3% due 19/06/2053	30,000,000	494,172	1.61
India Government Bond 7.57% due 17/06/2033	60,000,000	1,001,248	3.27
<b>Total INDIA</b>		<b>3,657,883</b>	<b>11.93</b>
<b>INDONESIA</b>			
Indonesia Treasury Bond 5.125% due 15/04/2027	5,500,000,000	448,251	1.46
Indonesia Treasury Bond 6.75% due 15/07/2035	2,500,000,000	208,305	0.68
Indonesia Treasury Bond 6.875% due 15/07/2054	6,000,000,000	496,121	1.62
Indonesia Treasury Bond 7.5% due 15/04/2040	13,000,000,000	1,143,394	3.73
<b>Total INDONESIA</b>		<b>2,296,071</b>	<b>7.49</b>
<b>MALAYSIA</b>			
Malaysia Government Bond 2.632% due 15/04/2031	4,500,000	1,286,762	4.20
Malaysia Government Bond 4.254% due 31/05/2035	1,000,000	315,303	1.03
Malaysia Government Bond 4.696% due 15/10/2042	1,000,000	329,035	1.07
Malaysia Government Bond 4.762% due 07/04/2037	2,500,000	823,747	2.68
Malaysia Government Investment Issue 5.357% due 15/05/2052	980,000	355,573	1.16
<b>Total MALAYSIA</b>		<b>3,110,420</b>	<b>10.14</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 2024 (unaudited)***By Geography (Primary) (continued)**

	Holdings at 31 December 2024	Fair value at 31 December 2024 S\$	Percentage of total net assets attributable to unitholders at 31 December 2024 %
<b>Quoted Fixed Income Securities (continued)</b>			
<b>PHILIPPINES</b>			
Philippine Government Bond 2.625% due 12/08/2025	21,000,000	485,037	1.58
Philippine Government Bond 6.125% due 18/01/2031	9,000,000	211,984	0.69
Philippine Government Bond 6.25% due 25/01/2034	19,000,000	451,155	1.47
Philippine Government Bond 6.25% due 28/02/2029	20,000,000	475,115	1.55
Philippine Government Bond 6.625% due 17/08/2033	7,000,000	169,736	0.55
Philippine Government Bond 6.75% due 24/01/2039	18,000,000	443,786	1.45
<b>Total PHILIPPINES</b>		<b>2,236,813</b>	<b>7.29</b>
<b>SINGAPORE</b>			
Housing & Development Board 3.092% due 26/11/2031	250,000	250,189	0.82
Singapore Government Bond 2.625% due 01/08/2032	100,000	98,150	0.32
Singapore Government Bond 2.75% due 01/03/2046	500,000	494,300	1.61
Singapore Government Bond 2.75% due 01/04/2042	400,000	395,160	1.29
Singapore Government Bond 2.875% due 01/07/2029	200,000	200,600	0.65
Singapore Government Bond 2.875% due 01/08/2028	250,000	250,800	0.82
Singapore Government Bond 3% due 01/08/2072	200,000	209,780	0.68
Singapore Government Bond 3.25% due 01/06/2054	100,000	109,100	0.35
Temasek Financial I Limited 3.1% due 28/08/2054	1,000,000	185,867	0.61
<b>Total SINGAPORE</b>		<b>2,193,946</b>	<b>7.15</b>
<b>SOUTH KOREA</b>			
Korea Treasury Bond 1.375% due 10/12/2029	600,000,000	517,685	1.69
Korea Treasury Bond 1.5% due 10/09/2036	800,000,000	641,552	2.09
Korea Treasury Bond 1.75% due 10/09/2026	350,000,000	318,830	1.04
Korea Treasury Bond 2.5% due 10/03/2052	1,100,000,000	965,499	3.15
Korea Treasury Bond 3.375% due 10/06/2032	200,000,000	190,146	0.62
Korea Treasury Bond 3.75% due 10/12/2033	1,400,000,000	1,369,987	4.47
Korea Treasury Bond 3.875% due 10/09/2043	50,000,000	53,265	0.17
<b>Total SOUTH KOREA</b>		<b>4,056,964</b>	<b>13.23</b>
<b>THAILAND</b>			
Thailand Government Bond 1% due 17/06/2027	12,000,000	468,357	1.53
Thailand Government Bond 1.6% due 17/12/2029	14,000,000	547,261	1.78
Thailand Government Bond 2.8% due 17/06/2034	24,500,000	1,024,332	3.34
Thailand Government Bond 3.14% due 17/06/2047	8,000,000	339,611	1.11
Thailand Government Bond 3.35% due 17/06/2033	6,000,000	260,126	0.85
Thailand Government Bond 3.39% due 17/06/2037	6,000,000	264,728	0.86
Thailand Government Bond 3.45% due 17/06/2043	5,000,000	224,092	0.73
Thailand Government Bond 3.58% due 17/12/2027	3,000,000	125,315	0.41
<b>Total THAILAND</b>		<b>3,253,822</b>	<b>10.61</b>
<b>Accrued interest receivable on quoted fixed income securities</b>		<b>248,587</b>	<b>0.81</b>
<b>Total Quoted Fixed Income Securities</b>		<b>28,035,970</b>	<b>91.42</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 2024 (unaudited)***By Geography (Primary) (continued)**

	Holdings at 31 December 2024	Fair value at 31 December 2024 S\$	Percentage of total net assets attributable to unitholders at 31 December 2024 %
<b>Quoted Investment Fund</b>			
<b>SINGAPORE</b>			
NikkoAM-ICBCSG China Bond ETF	1,550,000	1,722,388	5.62
<b>Total SINGAPORE</b>		<u>1,722,388</u>	<u>5.62</u>
<b>Total Quoted Investment Fund</b>		<u>1,722,388</u>	<u>5.62</u>
<b>Portfolio of investments</b>		29,758,358	97.04
<b>Other net assets</b>		<u>907,680</u>	<u>2.96</u>
<b>Net assets attributable to unitholders</b>		<u>30,666,038</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 2024 (unaudited)***By Geography (Summary)**

	<b>Percentage of total net assets attributable to unitholders at 31 December 2024 %</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2024 %</b>
<b>Quoted Fixed Income Securities</b>		
Australia	1.63	-
Britain	0.82	2.44
Canada	-	1.62
China	10.65	9.03
France	1.62	-
Hong Kong SAR	8.05	5.10
India	11.93	11.85
Indonesia	7.49	9.20
Malaysia	10.14	11.08
Philippines	7.29	11.15
Singapore	7.15	6.87
South Korea	13.23	14.56
Switzerland	-	1.61
Thailand	10.61	6.88
Accrued interest receivables on quoted fixed income securities	0.81	0.79
<b>Total Quoted Fixed Income Securities</b>	<b>91.42</b>	<b>92.18</b>
<b>Quoted Investment Fund</b>		
Singapore	5.62	5.36
<b>Total Quoted Investment Fund</b>	<b>5.62</b>	<b>5.36</b>
<b>Portfolio of investments</b>	<b>97.04</b>	<b>97.54</b>
<b>Other net assets</b>	<b>2.96</b>	<b>2.46</b>
<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 2024 (unaudited)***By Industry (Secondary)**

	<b>Fair value at 31 December 2024 S\$</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2024 %</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2024 %</b>
Banks	2,229,207	7.27	10.53
Debt Fund	1,722,388	5.62	5.36
Insurance	-	-	1.62
Investment Companies	185,867	0.61	-
Sovereign	24,442,753	79.70	79.24
Transportation	929,556	3.03	-
Accrued interest receivables on quoted fixed income securities	248,587	0.81	0.79
<b>Portfolio of investments</b>	<b>29,758,358</b>	<b>97.04</b>	<b>97.54</b>
<b>Other net assets</b>	<b>907,680</b>	<b>2.96</b>	<b>2.46</b>
<b>Net assets attributable to unitholders</b>	<b>30,666,038</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 2024 to 31 December 2024 (unaudited)

The following contains additional information relating to the Fund.

#### 1. Distribution of investments

Please refer to the Statement of Portfolio on pages 11 to 15.

#### 2. Credit rating of debt securities

	Fair value at 31 December 2024 S\$	Percentage of total net assets attributable to unitholders at 31 December 2024 %
Aaa*	185,867	0.61
Aa2	1,369,987	4.47
Aa3	929,556	3.03
A3	815,146	2.65
Baa1	125,315	0.41
Baa2	496,688	1.62
Ba1	250,704	0.82
Not rated**	23,614,120	77.00
Accrued interest receivables on quoted fixed income securities	248,587	0.81
<b>Total</b>	<b>28,035,970</b>	<b>91.42</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 2024

	Fair value S\$	Percentage of total net assets attributable to unitholders %
NikkoAM-ICBCSG China Bond ETF	1,722,388	5.62
Korea Treasury Bond 3.75% due 10/12/2033	1,369,987	4.47
China Government Bond 2.27% due 25/05/2034	1,368,741	4.46
Malaysia Government Bond 2.632% due 15/04/2031	1,286,762	4.20
Indonesia Treasury Bond 7.5% due 15/04/2040	1,143,394	3.73
Thailand Government Bond 2.8% due 17/06/2034	1,024,332	3.34
India Government Bond 7.57% due 17/06/2033	1,001,248	3.27
China Development Bank 2.64% due 08/01/2031	981,972	3.20
Korea Treasury Bond 2.5% due 10/03/2052	965,499	3.15
Hong Kong Government Bond 2.48% due 28/02/2029	934,857	3.05

**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 2024 to 31 December 2024 (unaudited)***3. Top 10 holdings (continued)**

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

**4. Exposure to financial derivatives**

	Fair value at 31 December 2024 S\$	Percentage of total net assets attributable to unitholders at 31 December 2024 %	Unrealised gains/(losses) S\$	Realised gains/(losses) S\$
Forward foreign exchange contracts	5,233	0.02	5,233	117,567

**5. Global exposure to financial derivatives**

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

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

## 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 2024 to 31 December 2024 (unaudited)

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#### 6. Collateral

	31 December 2024 S\$	30 June 2024 S\$
Margin accounts	6,703	6,509

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 2024 and 30 June 2024, 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 11 to 15.

#### 9. Borrowings

Nil.

#### 10. Amount of units created and cancelled for the financial period ended 31 December 2024

	S\$
Units created	530,631
Units cancelled	(1,848,315)

#### 11. Turnover ratio

		31 December 2024	31 December 2023
Lower of total value of purchases or sales	S\$	49,326,240	54,160,442
Average daily net asset value	S\$	31,789,260	32,794,646
<b>Total turnover ratio<sup>1</sup></b>	<b>%</b>	<b>155.17</b>	<b>165.15</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 2024 to 31 December 2024 (unaudited)

#### 12. Expense ratio

		31 December 2024	31 December 2023
<b><u>SGD Class A</u></b>			
Total operating expenses	S\$	80,925	76,342
Average daily net asset value	S\$	5,382,737	5,401,536
<b>Total expense ratio<sup>2</sup></b>	<b>%</b>	<b>1.50</b>	<b>1.41</b>

		31 December 2024	31 December 2023
<b><u>USD Class A</u></b>			
Total operating expenses	S\$	3,950	3,800
Average daily net asset value	S\$	263,954	269,054
<b>Total expense ratio<sup>2</sup></b>	<b>%</b>	<b>1.50</b>	<b>1.41</b>

		31 December 2024	31 December 2023
<b><u>SGD Class B</u></b>			
Total operating expenses	S\$	336,483	327,728
Average daily net asset value	S\$	26,201,461	27,421,987
<b>Total expense ratio<sup>2</sup></b>	<b>%</b>	<b>1.28</b>	<b>1.20</b>

		31 December 2024	31 December 2023
<b><u>USD Class B</u></b>			
Total operating expenses	S\$	340	542
Average daily net asset value	S\$	26,640	45,751
<b>Total expense ratio<sup>2</sup></b>	<b>%</b>	<b>1.28</b>	<b>1.18</b>

<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 2024 to 31 December 2024 (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 2024 S\$</b>	<b>30 June 2024 S\$</b>
Bank balances held with related party of the Trustee	<b>1,655,245</b>	1,041,015
Margin balances held with related party of the Trustee	<b>6,703</b>	6,509
	<b><u>1,661,948</u></b>	<b><u>1,047,524</u></b>

#### 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.

#### 16. Subsequent events

The Manager, Nikko Asset Management Asia Limited will be changing its name to Amova Asset Management Asia Limited with effect from 1 September 2025.

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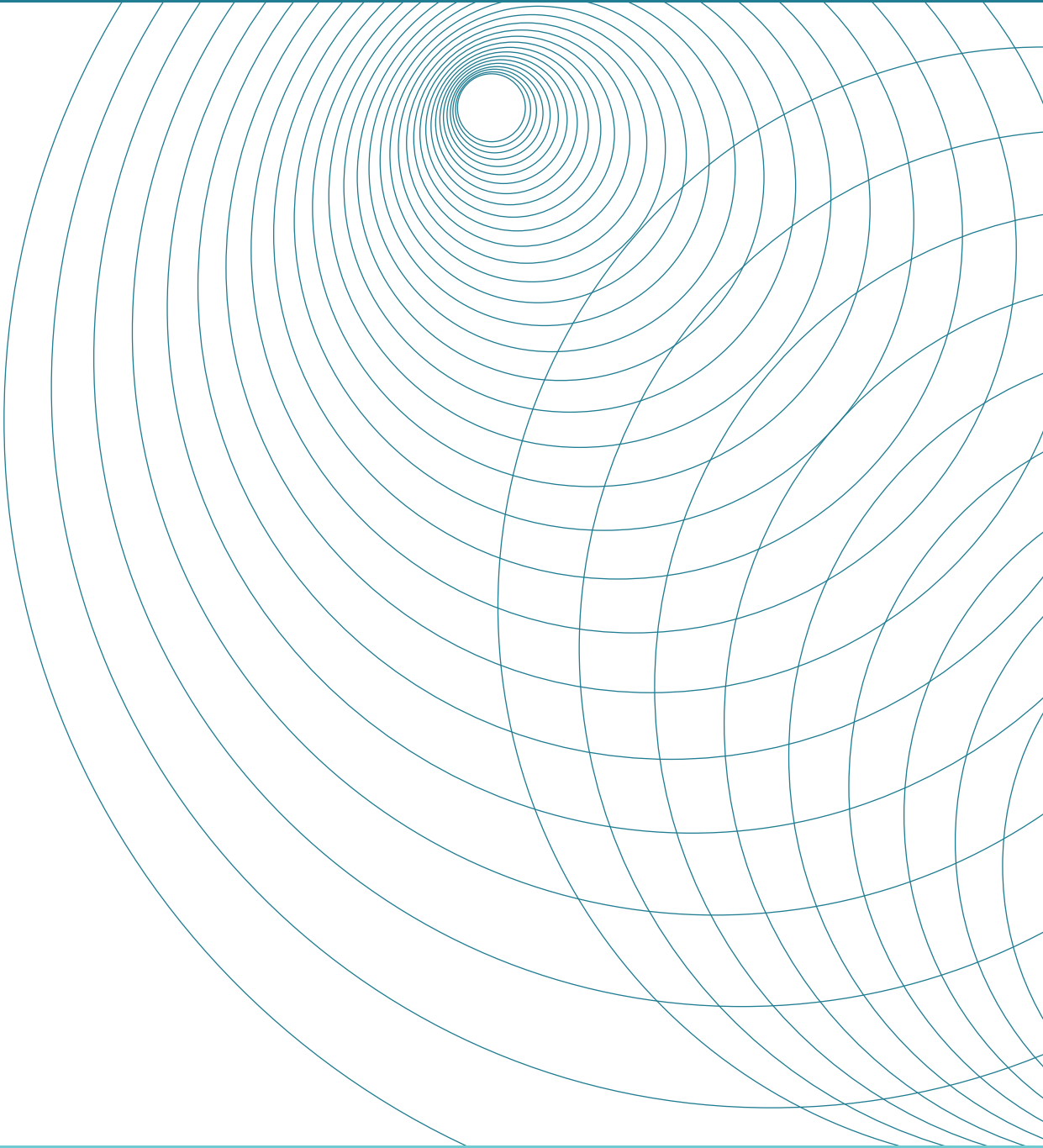
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# **ANNUAL REPORT**

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

**Financial year ended 30 June 2024**

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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**

Seet Oon Hui Eleanor  
Yutaka Nishida  
Hiroshi Yoh  
Allen Yan

#### **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>	-0.61	-0.90	0.14	-2.74	-0.60	1.01	1.11
Nikko AM Shenton Asia Bond Fund - SGD Class B <sup>1</sup>	-0.42	-0.70	0.41	-2.55	-0.38	1.30	1.40
Benchmark <sup>2</sup>	0.11	0.51	2.39	-1.16	1.06	2.69	N/A

Source: Nikko Asset Management Asia Limited & Markit Indices Limited. Returns as at 30 June 2024<sup>3</sup>. 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>	-5.58	-5.86	-4.87	-4.39	-1.61	0.50	0.84
Nikko AM Shenton Asia Bond Fund SGD Class B <sup>1</sup>	-5.40	-5.67	-4.61	-4.20	-1.40	0.79	1.13
Benchmark <sup>2</sup>	0.11	0.51	2.39	-1.16	1.06	2.69	N/A

Source: Nikko Asset Management Asia Limited & Markit Indices Limited. Returns as at 30 June 2024<sup>3</sup>. 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>	-1.02	-3.53	0.01	-3.01	-0.62	0.19	2.22
Nikko AM Shenton Asia Bond Fund USD Class B <sup>1</sup>	-0.95	-3.46	0.20	-2.81	-0.44	0.47	2.51
Benchmark <sup>2</sup>	-0.30	-2.17	2.24	-1.43	1.03	1.83	N/A

Source: Nikko Asset Management Asia Limited & Markit Indices Limited. Returns as at 30 June 2024<sup>3</sup>. 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>	-5.97	-8.35	-4.99	-4.65	-1.64	-0.33	1.94
Nikko AM Shenton Asia Bond Fund USD Class B <sup>1</sup>	-5.90	-8.29	-4.81	-4.46	-1.46	-0.05	2.23
Benchmark <sup>2</sup>	-0.30	-2.17	2.24	-1.43	1.03	1.83	N/A

Source: Nikko Asset Management Asia Limited & Markit Indices Limited. Returns as at 30 June 2024<sup>3</sup>. 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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- (3) Fund and benchmark performance returns are calculated as of the last NAV date of the fund for the reporting period.

## **Portfolio Review**

### ***The Fund gains in the 12 months ended June 2024***

The Nikko AM Shenton Asia Bond Fund (the "Fund") posted a return of 0.14% (in SGD terms, on a NAV-NAV basis) for the 12 months ended 30 June 2024. Our holdings in China, India, Malaysia, Singapore and South Korea contributed positively to returns, offset in part by negative contributions from our holdings in Indonesia, Thailand and the Philippines.

## **Market Review**

### ***A volatile year for US Treasuries (USTs)***

UST yields experienced significant volatility in the first half of the period. Yields surged initially due to concerns that the US Federal Reserve (Fed) would maintain elevated borrowing rates for an extended period. Higher UST funding needs and 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 touched 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, and 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 traditionally hawkish Fed governors Christopher Waller and Michelle Bowman fuelled another leg down in UST yields. The Fed held benchmark rates unchanged again in December, acknowledging slowing growth and inflation, and suggested that the policy rate might be near its peak. The updated dot plot reflected expectations of 75 basis points (bps) of rate cuts over 2024, 100 bps over 2025, and an additional 75 bps over 2026. This dovish pivot, alongside growing expectations of a US economic slowdown, prompted UST yields to continue their sharp descent.

However, this downward trend reversed in January 2024, as investors recalibrated their expectations of an early Fed pivot. Central bank statements pushing back rate cuts, stronger-than-expected US economic data, and concerns about Red Sea supply chain disruptions increased yields at the start of 2024. The Fed

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maintained its key policy rate in February, shifting to a more neutral bias. Global yields eased in early March as major central banks adopted a cautious approach to easing but confirmed plans to implement such measures within the year. Nonetheless, steady US inflation data later raised concerns about an upward adjustment to the Fed's dot plot, prompting another move higher in yields. Despite increased geopolitical tensions between Israel and Iran boosting demand for perceived "safe-haven" assets, hawkish Fed commentary and robust economic data led markets to push back their rate-cut expectations.

Treasury bonds rallied in May after a dovish Federal Open Market Committee (FOMC) meeting where rates were left unchanged. Cooling inflation data and signs of economic slowdown drove yields lower, although optimism about imminent rate cuts diminished as several Fed officials advocated keeping rates higher for an extended period. In June, UST yields declined across tenors, spurred by signs of moderating inflation and rising continuing claims for jobless benefits, despite the June FOMC dot plot projecting only one rate cut this year.

At the end of the period, the benchmark 10-year UST yield settled at 4.40%, 56 bps higher compared to end-June 2023.

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

Fed expectations was the primary driver of Asian government bond moves over the period. At the end of twelve months, yields of Asian government bonds mostly fell on increasing expectations that Fed policy easing was finally approaching. On a total return basis, Indian government bonds outperformed, while Thai government bonds underperformed. Demand for Indian government bonds was bolstered by the record dividend by the Indian central bank to the government. Additionally, the inclusion of Indian government bonds in JP Morgan's Government Bond Index-Emerging Markets (GBI-EM) Index contributed to the positive sentiment. Separately, currencies in the region weakened against the US dollar, as the latter rose along with UST yields.

***Countries register decent growth in the first half of 2024***

Thailand's economy expanded by 1.9% year-on-year (YoY) in the first six months of 2024. Private consumption grew by 5.4%, while government consumption declined by 0.9%. Investment also lagged, with total investment falling by 5.1% over the same period. For the full-year 2024, policymakers project the economy to expand in the range of 2.3–2.8%. In Singapore, GDP growth averaged 3.0% YoY in the first half of 2024, with the electronics cluster returning to growth in the second quarter. The government expects a gradual recovery in the manufacturing sector, particularly in the electronics cluster, driven by strong demand for smartphone, personal computers and AI-related chips. The Philippines saw GDP growth of 6.0% in the first half of 2024, which is at the lower end of the government's full-year projection of 6–7%. Public investment spending is expected to remain a key growth driver, with the government focusing on advancing infrastructure development. Meanwhile, Malaysia's economy grew by 5.1% for the first half of 2024, accelerating from 4.1% during the same period in 2023.

***Inflationary pressures remain benign across Asia***

Headline inflation prints across the region remained relatively low over the twelve months. In the June 2024 readings, Thailand, Singapore, Indonesia and the Philippines saw decreases in overall inflation, while Malaysia's headline inflation print was unchanged. The slowdown in Indonesia's headline Consumer Price Index (CPI) was prompted mainly by decreases in food, beverages and tobacco prices. Stripping out food and energy prices, core CPI also eased to 1.90% from 1.93%. In the Philippines, headline inflation decelerated to 3.74% YoY in June, down from 3.9% in May, partly due to a slowdown in the increase of transport and utility costs. Meanwhile, core inflation remained unchanged at 3.1%. Singapore's core inflation measure moderated significantly in June, easing to 2.9% YoY—a level last seen in March 2022—and cooling more than markets had expected. Policymakers attributed the decrease primarily to lower inflation for retail and other goods. Headline inflation in June fell more sharply to 2.4% YoY from 3.1%, driven by lower private transport costs and softer core inflation.

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***Most central banks leave their policy rates unchanged in the first half of 2024***

Monetary authorities in Thailand, Malaysia, India, South Korea and the Philippines maintained their policy rates over the first six months of 2024. The Monetary Authority of Singapore transitioned to a quarterly schedule starting in 2024 and maintained the existing rate of appreciation of the Singapore dollar nominal effective exchange rate (SGDNEER) policy band. The width and the level at which the band is centred also remained steady during both the January and April meetings.

Conversely, Bank Indonesia (BI) surprised markets by raising the benchmark seven-day reverse repo rate by 25 bps in April. This move was described as a “pre-emptive and forward-looking step to strengthen rupiah stability and cushion the impact of worsening global risks.” Subsequently, BI maintained the rate for the remainder of the period. Over in China, the People’s Bank of China lowered key policy rates throughout the period. To stimulate bank lending to households and businesses, the central bank lowered the reserve requirement ratio for most banks. It also lowered the five-year loan prime rate, a key benchmark for home loans, in February.

**Market Outlook & Strategy*****Favour India and Philippine bonds***

The broader trend of easing global yields, as the Fed begins lowering interest rates, should support a downward bias in regional bond yields. We continue to favour Indian and Philippine government bonds vis-à-vis regional peers.

Recent dovish remarks from the Philippine central bank governor indicate a potential shift towards rate cuts, with lower-than-expected inflation prints in the last three months providing the monetary authority ample room to lower rates. In India, the growing divide within the central bank’s Monetary Policy Committee suggests that a pivot towards easing may happen soon. Indian government bonds were included in JP Morgan’s GBI-EM Index starting 28 June, with an initial 1% weight that will increase by 1% each month, reaching a maximum of 10% by March 2025. This gradual increase is expected to further support the strength of Indian bond prices.



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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 2024*

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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 13 to 43, 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  
27 September 2024

## **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 2024*

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In the opinion of Nikko Asset Management Asia Limited, the accompanying financial statements set out on pages 13 to 43, 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 2024, and the financial performance and movements in unitholders' funds for the financial 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  
27 September 2024

**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 ("RAP 7"), so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 30 June 2024, 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 2024;
- the Statement of Financial Position as at 30 June 2024;
- the Statement of Movements of Unitholders' Funds for the financial year then ended;
- the Statement of Portfolio as at 30 June 2024; and
- the notes to the financial statements, including material accounting policy information.

**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 RAP 7 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, 27 September 2024

**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 2024*

	Note	2024 S\$	2023 S\$
<b>Income</b>			
Dividends		-	8,741
Interest on cash and cash equivalents		22,741	27,217
Other income		-	21,858
		<b>22,741</b>	<b>57,816</b>
<b>Less: Expenses</b>			
Management fee		270,930	278,016
Management fee rebate		(2,448)	(3,572)
Transfer agent fee		19,094	21,881
Trustee fee		12,989	13,332
Custody fee		12,785	10,832
Audit fee		16,539	13,960
Valuation fee		14,613	14,999
Transaction costs		21,320	18,234
Other expenses*		73,389	71,880
		<b>439,211</b>	<b>439,562</b>
<b>Net losses</b>		<b>(416,470)</b>	<b>(381,746)</b>
<b>Net gains or losses on value of investments and financial derivatives</b>			
Net gains on investments		905,886	91,218
Net foreign exchange losses		(49,132)	(27,905)
Net losses on financial derivatives		(241,224)	(99,388)
		<b>615,530</b>	<b>(36,075)</b>
<b>Total return/(deficit) for the financial year before income tax</b>		<b>199,060</b>	<b>(417,821)</b>
<b>Less: Income tax</b>	3	<b>(59,367)</b>	<b>(134,191)</b>
<b>Total return/(deficit) for the financial year after income tax</b>		<b>139,693</b>	<b>(552,012)</b>

\* The balances included non-audit related fees paid to a network firm of the Fund's Auditor which amounted to S\$6,589 for 2024 (2023: Nil).

*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 2024*

	Note	2024 S\$	2023 S\$
<b>ASSETS</b>			
Portfolio of investments		30,360,717	32,809,151
Sales awaiting settlement		1,202,273	433,547
Receivables	4	93,191	83,459
Cash and cash equivalents		1,041,015	659,401
Margin accounts	8	6,509	59,657
Financial derivatives at fair value	6	15,951	144,214
<b>Total assets</b>		<b>32,719,656</b>	<b>34,189,429</b>
<b>LIABILITIES</b>			
Payables	5	162,749	173,438
Purchases awaiting settlement		710,456	-
Distributions payable	9	685,327	702,411
Financial derivatives at fair value	6	33,592	134,633
<b>Total liabilities</b>		<b>1,592,124</b>	<b>1,010,482</b>
<b>EQUITY</b>			
Net assets attributable to unitholders	7	31,127,532	33,178,947

*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 2024*

	Note	2024 S\$	2023 S\$
<b>Net assets attributable to unitholders at the beginning of the financial year</b>		<b>33,178,947</b>	34,847,729
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		<b>139,693</b>	(552,012)
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		<b>1,348,935</b>	3,919,935
Cancellation of units		<b>(2,152,126)</b>	(3,673,117)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		<b>(803,191)</b>	246,818
Distributions	9	<b>(1,387,917)</b>	(1,363,588)
Total decreases in net assets attributable to unitholders		<b>(2,051,415)</b>	(1,668,782)
<b>Net assets attributable to unitholders at the end of the financial year</b>	7	<b>31,127,532</b>	33,178,947

*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 2024***By Geography (Primary)**

	Holdings at 30 June 2024	Fair value at 30 June 2024 S\$	Percentage of total net assets attributable to unitholders at 30 June 2024 %
<b>Quoted Fixed Income Securities</b>			
<b>BRITAIN</b>			
HSBC Holdings Public Listed Company 5.25% due 14/12/2172	750,000	759,977	2.44
<b>Total BRITAIN</b>		<b>759,977</b>	<b>2.44</b>
<b>CANADA</b>			
Manulife Financial Corporation 4.275% due 19/06/2034	500,000	503,068	1.62
<b>Total CANADA</b>		<b>503,068</b>	<b>1.62</b>
<b>CHINA</b>			
China Development Bank 3.03% due 24/07/2043	6,000,000	1,214,794	3.90
China Government Bond 2.8% due 24/03/2029	5,000,000	962,838	3.09
China Government Bond 3% due 15/10/2053	2,000,000	416,049	1.34
China Government Bond 3.32% due 15/04/2052	1,000,000	217,018	0.70
<b>Total CHINA</b>		<b>2,810,699</b>	<b>9.03</b>
<b>HONG KONG SAR</b>			
Hong Kong Government Bond 2.48% due 28/02/2029	4,500,000	750,924	2.41
Hong Kong Government Bond 2.49% due 22/08/2028	5,000,000	837,268	2.69
<b>Total HONG KONG SAR</b>		<b>1,588,192</b>	<b>5.10</b>
<b>INDIA</b>			
India Government Bond 6.67% due 15/12/2035	40,000,000	629,868	2.02
India Government Bond 6.79% due 15/05/2027	15,000,000	242,594	0.78
India Government Bond 7.06% due 10/04/2028	40,000,000	650,915	2.09
India Government Bond 7.18% due 24/07/2037	40,000,000	657,416	2.11
India Government Bond 7.3% due 19/06/2053	30,000,000	502,082	1.62
India Government Bond 7.57% due 17/06/2033	60,000,000	1,006,092	3.23
<b>Total INDIA</b>		<b>3,688,967</b>	<b>11.85</b>
<b>INDONESIA</b>			
Indonesia Treasury Bond 6.375% due 15/04/2032	1,100,000,000	87,629	0.27
Indonesia Treasury Bond 6.625% due 15/02/2034	10,000,000,000	803,001	2.58
Indonesia Treasury Bond 6.875% due 15/07/2054	3,000,000,000	241,839	0.78
Indonesia Treasury Bond 7.125% due 15/06/2043	4,000,000,000	332,198	1.07
Indonesia Treasury Bond 7.5% due 15/04/2040	7,000,000,000	600,010	1.93
Sekuritas Rupiah Bank Indonesia 0% due 27/12/2024	10,000,000,000	799,210	2.57
<b>Total INDONESIA</b>		<b>2,863,887</b>	<b>9.20</b>
<b>MALAYSIA</b>			
Malaysia Government Bond 2.632% due 15/04/2031	3,500,000	936,160	3.01
Malaysia Government Bond 3.519% due 20/04/2028	2,500,000	715,872	2.30
Malaysia Government Bond 4.254% due 31/05/2035	1,300,000	383,364	1.23
Malaysia Government Bond 4.696% due 15/10/2042	1,000,000	308,714	0.99
Malaysia Government Bond 4.762% due 07/04/2037	2,500,000	772,072	2.48
Malaysia Government Investment Issue 5.357% due 15/05/2052	980,000	331,847	1.07
<b>Total MALAYSIA</b>		<b>3,448,029</b>	<b>11.08</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 2024***By Geography (Primary) (continued)**

	Holdings at 30 June 2024	Fair value at 30 June 2024 S\$	Percentage of total net assets attributable to unitholders at 30 June 2024 %
<b>Quoted Fixed Income Securities (continued)</b>			
<b>PHILIPPINES</b>			
Philippine Government Bond 4.875% due 04/03/2027	31,000,000	692,286	2.22
Philippine Government Bond 4.875% due 20/01/2032	10,000,000	208,005	0.67
Philippine Government Bond 6.75% due 15/09/2032	56,000,000	1,310,860	4.21
Philippine Government Bond 6.75% due 24/01/2039	18,000,000	418,786	1.35
Philippine Government Bond 7.25% due 23/06/2032	35,000,000	840,370	2.70
<b>Total PHILIPPINES</b>		<b>3,470,307</b>	<b>11.15</b>
<b>SINGAPORE</b>			
Singapore Government Bond 2.125% due 01/06/2026	400,000	390,400	1.25
Singapore Government Bond 2.25% due 01/08/2036	350,000	317,100	1.02
Singapore Government Bond 2.75% due 01/04/2042	300,000	284,850	0.92
Singapore Government Bond 3% due 01/08/2072	230,000	227,815	0.73
Singapore Government Bond 3.25% due 01/06/2054	100,000	104,400	0.34
Singapore Government Bond 3.375% due 01/09/2033	800,000	811,200	2.61
<b>Total SINGAPORE</b>		<b>2,135,765</b>	<b>6.87</b>
<b>SOUTH KOREA</b>			
Korea Treasury Bond 1.5% due 10/09/2036	2,025,000,000	1,641,951	5.27
Korea Treasury Bond 1.5% due 10/12/2030	600,000,000	531,746	1.71
Korea Treasury Bond 2.5% due 10/03/2052	850,000,000	728,333	2.34
Korea Treasury Bond 3.375% due 10/06/2032	200,000,000	198,679	0.64
Korea Treasury Bond 3.75% due 10/12/2033	1,400,000,000	1,432,534	4.60
<b>Total SOUTH KOREA</b>		<b>4,533,243</b>	<b>14.56</b>
<b>SWITZERLAND</b>			
UBS Group AG 5.6% due 21/12/2172	500,000	502,470	1.61
<b>Total SWITZERLAND</b>		<b>502,470</b>	<b>1.61</b>
<b>THAILAND</b>			
Thailand Government Bond 2% due 17/06/2042	22,000,000	691,038	2.22
Thailand Government Bond 2.8% due 17/06/2034	3,500,000	130,770	0.42
Thailand Government Bond 3.35% due 17/06/2033	6,000,000	233,700	0.75
Thailand Government Bond 3.39% due 17/06/2037	19,000,000	741,702	2.38
Thailand Government Bond 3.45% due 17/06/2043	9,000,000	343,385	1.11
<b>Total THAILAND</b>		<b>2,140,595</b>	<b>6.88</b>
<b>Accrued interest receivables on quoted fixed income securities</b>		<b>246,692</b>	<b>0.79</b>
<b>Total Quoted Fixed Income Securities</b>		<b>28,691,891</b>	<b>92.18</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 2024***By Geography (Primary) (continued)**

	Holdings at 30 June 2024	Fair value at 30 June 2024 S\$	Percentage of total net assets attributable to unitholders at 30 June 2024 %
<b>Quoted Investment Fund</b>			
<b>SINGAPORE</b>			
NikkoAM-ICBCSG China Bond ETF	1,550,000	1,668,826	5.36
<b>Total SINGAPORE</b>		1,668,826	5.36
<b>Total Quoted Investment Fund</b>		1,668,826	5.36
<b>Portfolio of investments</b>		30,360,717	97.54
<b>Other net assets</b>		766,815	2.46
<b>Net assets attributable to unitholders</b>		31,127,532	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 2024***By Geography (Summary)**

	<b>Percentage of total net assets attributable to unitholders at 30 June 2024 %</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2023 %</b>
<b>Quoted Fixed Income Securities</b>		
Australia	-	3.02
Britain	2.44	1.51
Canada	1.62	-
China	9.03	9.16
Hong Kong SAR	5.10	9.50
India	11.85	5.71
Indonesia	9.20	12.64
Malaysia	11.08	7.32
Philippines	11.15	9.74
Singapore	6.87	8.52
South Korea	14.56	15.95
Switzerland	1.61	-
Supranational	-	2.43
Thailand	6.88	7.80
Accrued interest receivables on quoted fixed income securities	0.79	0.77
<b>Total Quoted Fixed Income Securities</b>	<b>92.18</b>	<b>94.07</b>
<b>Quoted Investment Fund</b>		
Singapore	5.36	4.82
<b>Total Quoted Investment Fund</b>	<b>5.36</b>	<b>4.82</b>
<b>Portfolio of investments</b>	<b>97.54</b>	<b>98.89</b>
<b>Other net assets</b>	<b>2.46</b>	<b>1.11</b>
<b>Net assets attributable to unitholders</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)***STATEMENT OF PORTFOLIO***As at 30 June 2024***By Industry (Secondary)**

	<b>Fair value at 30 June 2024 S\$</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2024 %</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2023 %</b>
Banks	3,276,451	10.53	4.52
Debt fund	1,668,826	5.36	4.82
Diversified Financial Services	-	-	2.74
Engineering and Construction	-	-	1.39
Insurance	503,068	1.62	-
Multi-National	-	-	2.43
Real Estate	-	-	2.50
Sovereign	24,665,680	79.24	79.01
Telecommunications	-	-	0.71
Accrued interest receivables on quoted fixed income securities	246,692	0.79	0.77
<b>Portfolio of investments</b>	<b>30,360,717</b>	<b>97.54</b>	<b>98.89</b>
<b>Other net assets</b>	<b>766,815</b>	<b>2.46</b>	<b>1.11</b>
<b>Net assets attributable to unitholders</b>	<b>31,127,532</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 2024*

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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 subfunds, 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 2024 and 2023, only units in the SGD Class A, USD Class A, SGD Class B and USD Class B have been issued.

The Fund is single priced and the NAV of the Fund may fall as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions, redemptions, switches and/or exchanges of units in the Fund. To protect unitholders' interests, the Manager shall, in consultation with the Trustee, have the discretion to apply dilution adjustment or swing pricing in certain circumstances which the Manager deem appropriate. Swing pricing involves making upwards or downwards adjustments in the calculation of the NAV per unit of the Fund or Class on a particular Dealing Day so that such transaction costs and dealing spreads in respect of the underlying investments are, as far as practicable, passed on to the investors who are subscribing, realising, switching and/or exchanging units on that Dealing Day.

The NAV is adjusted if the net subscription or realisation (including switches and/or exchanges) on a particular Dealing Day reaches or exceeds a certain percentage (the "Swing Threshold") of the size of the Fund as of such relevant Dealing Day.

Any dilution adjustment as at the last dealing day of the year will be disclosed under Units in issue.

## 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 2024

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#### 2. Material accounting policy information

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 instruments at fair value, and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" ("RAP 7") revised and issued by the Institute of Singapore Chartered Accountants in August 2023 for the financial year beginning on or after 1 January 2023.

The adoption of the revised RAP 7 did not result in substantial changes to the accounting policies of the Fund and had no material effect on the amounts reported for the current or prior years.

(b) Recognition of income

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

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

(c) Distributions

The Manager has the absolute discretion to determine whether a distribution is to be made. In such an event, an appropriate amount will be transferred to a distribution account to be paid on the distribution date. The amount shall not be treated as part of the property of the Fund. Distributions are accrued for at the reporting date if the necessary approvals have been obtained and a legal or constructive obligation has been created.

(d) Investments

Investments are classified as financial assets at fair value through profit or loss.

(i) *Initial recognition*

Purchases of investments are recognised on the trade date. Investments are recorded at fair value on initial recognition.

(ii) *Subsequent measurement*

Investments are subsequently carried at fair value. Net change in fair value on investments is included in the Statement of Total Return in the year in which they arise.

(iii) *Derecognition*

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sales of investments are computed on the basis of the difference between the weighted average cost and selling price gross of transaction costs, and are taken up in the Statement of Total Return.



## NIKKO AM 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 2024

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#### 2. Material accounting policy information (continued)

(e) Basis of valuation of investments

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The quoted market 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 on investments" in the Statement of Total Return. The fair value of investments held in the underlying fund is the last traded market price or the quoted net asset value of the underlying fund as determined by the underlying fund's administrator.

(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.

## 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 2024

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#### 2. Material accounting policy information (continued)

##### (j) Foreign currency translation (continued)

###### (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 within the net foreign exchange gain or loss. 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.

##### (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 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).

## 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 2024

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#### 2. Material accounting policy information (continued)

##### (m) Structured entities (continued)

The Fund considers all of its 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 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.

When a financial derivative expires, or is sold or terminated, the gains or losses are taken up in the Statement of Total Return.

##### (o) Expenses

Expenses including transaction costs on purchases or sales of investments are recognised in the Statements of Total Return as the related services are performed, in the period in which they arise.

##### (p) Management fee

Management fee expense is recognised on an accrual basis and in accordance with the Prospectus. Management fee is recognised as an expense over the period for which the service is provided. The management fee charged on any investment in other unit trusts managed by the Manager is rebated back to the Fund, where applicable.

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.

##### (q) Creation and cancellation of units

Units are issued and redeemed at the prices based on the Fund's net asset value per unit at the time of issue or redemption for each respective class. The Fund's net asset value per unit is calculated by dividing the net asset attributable to the unitholders of each class of units with the total number of outstanding units for each respective class.

## 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 2024

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#### 3. Income tax

The Fund has been approved by the Monetary Authority of Singapore ("MAS") under the Enhanced-Tier Fund Scheme ("ETF") (Section 13U of the Income Tax Act 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 fulfills its reporting obligations under the ETF Scheme.

Income tax for the financial year ended 30 June 2024 and 2023 comprises:

	2024 S\$	2023 S\$
Capital gains tax	(952)	40,077
Overseas income tax	75,635	63,483
Singapore income tax		
- Over-provision in prior financial year	(15,316)	-
- Provision in prior financial year	-	30,631
	<b>59,367</b>	<b>134,191</b>

The Singapore income tax represents tax charge on distributions from Singapore unit trusts. 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

	2024 S\$	2023 S\$
Receivable from unitholders for creation of units	75,395	79,896
Accrued interest receivable	17,796	3,563
	<b>93,191</b>	<b>83,459</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 2024***5. Payables**

	<b>2024</b>	2023
	<b>S\$</b>	S\$
Payable to unitholders for cancellation of units	-	6
Amount due to the Manager	<b>73,395</b>	75,415
Amount due to the Trustee	<b>10,508</b>	3,646
Valuation fee payable	<b>7,817</b>	4,102
Transfer agent fee payable	<b>24,405</b>	4,847
Provision for audit fee	<b>15,873</b>	13,975
Custody fee payable	<b>11,292</b>	5,925
Provision for tax liabilities	<b>3,675</b>	54,599
Other payables	<b>15,784</b>	10,923
	<b>162,749</b>	173,438

Amount due to the Manager comprises of management fee payable to Nikko Asset Management Asia Limited. Trustee fee is payable to BNP Paribas Trust Services Singapore Limited. Custody fee, transfer agent fee and valuation fee are payable to BNP Paribas, acting through its Singapore Branch.

**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 interest rate swaps and 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.

	<b>Contract or underlying principal amount</b>		<b>Year-end positive fair value</b>		<b>Year-end negative fair value</b>	
	<b>2024</b>	2023	<b>2024</b>	2023	<b>2024</b>	2023
	<b>S\$</b>	S\$	<b>S\$</b>	S\$	<b>S\$</b>	S\$
Forward foreign exchange contracts	<b>18,702,292</b>	25,852,042	<b>15,951</b>	138,754	<b>33,592</b>	120,052
Interest rate swaps	-	3,510,014	-	5,460	-	14,581
			<b>15,951</b>	144,214	<b>33,592</b>	134,633

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 2024***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 2024 and 2023 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>2024</b>						
Forward foreign exchange contracts	15,951	-	15,951	10,806	-	5,145

	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

**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 2024***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>2024</b>						
Forward foreign exchange contracts	<b>33,592</b>	-	<b>33,592</b>	<b>10,806</b>	-	<b>22,786</b>

	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

**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 2024***7. Units in issue**

During the financial year ended 30 June 2024 and 2023, the number of units issued, redeemed and outstanding were as follows:

<b><u>SGD Class A</u></b>	<b>2024</b>	<b>2023</b>
Units at beginning of the financial year	<b>8,345,620</b>	7,735,956
Units created	<b>1,774,552</b>	2,438,942
Units cancelled	<b>(1,773,953)</b>	(1,829,278)
Units at end of the financial year	<b>8,346,219</b>	8,345,620
Net assets attributable to unitholders - S\$	<b>5,337,623</b>	5,573,665
Net asset value per unit - S\$	<b>0.640</b>	0.668

<b><u>USD Class A</u></b>	<b>2024</b>	<b>2023</b>
Units at beginning of the financial year	<b>394,431</b>	378,320
Units created	<b>17,908</b>	16,111
Units cancelled	-	-
Units at end of the financial year	<b>412,339</b>	394,431
Net assets attributable to unitholders - S\$	<b>264,428</b>	264,048
Net asset value per unit - S\$	<b>0.641</b>	0.669

<b><u>SGD Class B</u></b>	<b>2024</b>	<b>2023</b>
Units at beginning of the financial year	<b>38,033,896</b>	38,402,698
Units created	<b>226,137</b>	3,020,748
Units cancelled	<b>(1,367,722)</b>	(3,389,550)
Units at end of the financial year	<b>36,892,311</b>	38,033,896
Net assets attributable to unitholders - S\$	<b>25,500,870</b>	27,305,243
Net asset value per unit - S\$	<b>0.691</b>	0.718

<b><u>USD Class B</u></b>	<b>2024</b>	<b>2023</b>
Units at beginning of the financial year	<b>50,024</b>	79,389
Units created	<b>528</b>	950
Units cancelled	<b>(15,030)</b>	(30,315)
Units at end of the financial year	<b>35,522</b>	50,024
Net assets attributable to unitholders - S\$	<b>24,611</b>	35,991
Net asset value per unit - S\$	<b>0.693</b>	0.719

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 2024***7. Units in issue (continued)**

<b><u>SGD Class A</u></b>	<b>2024 S\$</b>	<b>2023 S\$</b>
Net assets attributable to unitholders per financial statements per unit	<b>0.640</b>	0.668
Effects of distribution per unit	<b>0.015</b>	0.015
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	<b>(0.001)</b>	-
Net assets attributable to unitholders for issuing/redeeming per unit	<b>0.654</b>	0.683
<b><u>USD Class A</u></b>	<b>2024 S\$</b>	<b>2023 S\$</b>
Net assets attributable to unitholders per financial statements per unit	<b>0.641</b>	0.669
Effects of distribution per unit	<b>0.015</b>	0.016
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	- *	-
Net assets attributable to unitholders for issuing/redeeming per unit	<b>0.656</b>	0.685
<b><u>SGD Class B</u></b>	<b>2024 S\$</b>	<b>2023 S\$</b>
Net assets attributable to unitholders per financial statements per unit	<b>0.691</b>	0.718
Effects of distribution per unit	<b>0.015</b>	0.015
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	- *	-
Net assets attributable to unitholders for issuing/redeeming per unit	<b>0.706</b>	0.733
<b><u>USD Class B</u></b>	<b>2024 S\$</b>	<b>2023 S\$</b>
Net assets attributable to unitholders per financial statements per unit	<b>0.693</b>	0.719
Effects of distribution per unit	<b>0.015</b>	0.016
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	- *	-
Net assets attributable to unitholders for issuing/redeeming per unit	<b>0.708</b>	0.735

^ The net asset value for the purposes of processing unit subscription and redemption was established in accordance with the methodology indicated in Fund's Prospectus. This item reflects the movement in net asset value between the last dealing date and the end of reporting period due to accrual of operating expenses.

\* Effect is less than 0.001

**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 2024***8. Margin accounts**

	<b>2024</b>	2023
	<b>S\$</b>	S\$
Margin accounts	<b>6,509</b>	59,657

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 2024 and 2023, there was no open exchange traded futures.

**9. Distributions**

	<b>2024</b>	2023
	<b>S\$</b>	S\$
Final distribution of S\$1.50 (SGD Class A & B) & US\$1.11 (USD Class A & B) per 100 units in respect of the financial year ended 30 June 2024	<b>685,327</b>	-
Interim 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 2024	<b>702,590</b>	-
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
	<b>1,387,917</b>	1,363,588

**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 convertible 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.

**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 2024***10. Financial risk management (continued)****(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.

**(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 2024**

	<b>Floating rate</b>	<b>Fixed rate</b>			<b>Non-interest bearing</b>	<b>Total</b>
		<b>Up to 1 year</b>	<b>1-5 years</b>	<b>Over 5 years</b>		
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
<b>Assets</b>						
Portfolio of investments	1,765,515	799,210	5,243,097	20,637,377	1,915,518	30,360,717
Sales awaiting settlement	-	-	-	-	1,202,273	1,202,273
Receivables	-	-	-	-	93,191	93,191
Cash and cash equivalents	1,041,015	-	-	-	-	1,041,015
Margin accounts	6,509	-	-	-	-	6,509
Financial derivatives at fair value	-	-	-	-	15,951	15,951
<b>Total assets</b>	<b>2,813,039</b>	<b>799,210</b>	<b>5,243,097</b>	<b>20,637,377</b>	<b>3,226,933</b>	<b>32,719,656</b>
<b>Liabilities</b>						
Payables	-	-	-	-	162,749	162,749
Purchases awaiting settlement	-	-	-	-	710,456	710,456
Distributions payable	-	-	-	-	685,327	685,327
Financial derivatives at fair value	-	-	-	-	33,592	33,592
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,592,124</b>	<b>1,592,124</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 2024***10. Financial risk management (continued)****(b) Market risk - Interest rate risk (continued)****As at 30 June 2023**

	<u>Floating rate</u>	<u>Fixed rate</u>			<u>Non-interest bearing</u>	<u>Total</u> <u>S\$</u>
	<u>S\$</u>	<u>Up to 1 year</u> <u>S\$</u>	<u>1-5 years</u> <u>S\$</u>	<u>Over 5 years</u> <u>S\$</u>	<u>S\$</u>	
<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
Cash and cash equivalents	659,401	-	-	-	-	659,401
Margin accounts	59,657	-	-	-	-	59,657
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>

As at 30 June 2024 and 2023, an increase/decrease of interest rates 1% (2023: 1%), with all other variables remaining constant, would result in a decrease/increase of the net assets attributable to unitholders by approximately 8% (2023: 7%). 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, 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 2024

### **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 2024	KRW S\$	MYR S\$	CNY S\$	PHP S\$	IDR S\$	THB S\$	SGD S\$	USD S\$	HKD S\$	INR S\$	AUD S\$	Total S\$
<b>Assets</b>												
Portfolio of investments	4,552,439	3,472,265	4,521,638	3,516,792	2,903,399	2,142,823	3,921,981	-	1,602,358	3,727,022	-	30,360,717
Sales awaiting settlement	-	-	-	693,772	-	-	508,501	-	-	-	-	1,202,273
Receivables	-	-	-	-	-	-	75,395	-	-	17,796	-	93,191
Cash and bank balances	4,961	10,297	17,773	61,924	57,702	118,533	160,148	484,543	9,538	115,315	281	1,041,015
Margin accounts	-	-	-	-	-	-	-	6,509	-	-	-	6,509
<b>Total assets</b>	<b>4,557,400</b>	<b>3,482,562</b>	<b>4,539,411</b>	<b>4,272,488</b>	<b>2,961,101</b>	<b>2,261,356</b>	<b>4,666,025</b>	<b>491,052</b>	<b>1,611,896</b>	<b>3,860,133</b>	<b>281</b>	<b>32,703,705</b>
<b>Liabilities</b>												
Payables	-	-	-	-	-	-	162,749	-	-	-	-	162,749
Purchases awaiting settlement	-	-	-	710,456	-	-	-	-	-	-	-	710,456
Distributions payable	-	-	-	-	-	-	678,578	6,749	-	-	-	685,327
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>710,456</b>	<b>-</b>	<b>-</b>	<b>841,327</b>	<b>6,749</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,558,532</b>
<b>Net off-balance sheet derivative financial instruments</b>	<b>186</b>	<b>-</b>	<b>3,391,187</b>	<b>-</b>	<b>(744,561)</b>	<b>586</b>	<b>(3,396,836)</b>	<b>731,423</b>	<b>-</b>	<b>374</b>	<b>-</b>	<b>-</b>
<b>Net currency exposure</b>	<b>4,557,586</b>	<b>3,482,562</b>	<b>7,930,598</b>	<b>3,562,032</b>	<b>2,216,540</b>	<b>2,261,942</b>	<b>427,862</b>	<b>1,215,726</b>	<b>1,611,896</b>	<b>3,860,507</b>	<b>281</b>	<b>-</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 2024

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

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

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
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
Margin accounts	-	-	-	-	-	-	-	59,657	-	-	59,657
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>	<b>(1,324,217)</b>	<b>-</b>	<b>(551,815)</b>	<b>(1,031)</b>	<b>(722,145)</b>	<b>2,850</b>	<b>1,337,100</b>	<b>1,277,960</b>	<b>-</b>	<b>-</b>	
<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 2024***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. Reasonable possible 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 2024	30 June 2023	30 June 2024	30 June 2023
CNY	4	4	1	1
KRW	6	7	1	1
MYR	3	4	-*	-*
PHP	5	6	1	1
INR	4	5	1	-*

\* 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 2024 and 2023, all liabilities are either payable upon demand or due in less than 3 months. The impact of discounting is not significant.

**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 2024***10. Financial risk management (continued)****(d) Liquidity risk (continued)**

	<b><u>Less than 3 months</u></b>	
	<b>As at</b>	<b>As at</b>
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>S\$</b>	<b>S\$</b>
Payables	<b>162,749</b>	173,438
Purchases awaiting settlement	<b>710,456</b>	-
Distributions payable	<b>685,327</b>	702,411
<b>Contractual cash outflows</b>		
<b>(excluding gross settled derivatives)</b>	<b>1,558,532</b>	875,849

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

	<b><u>Less than 3 months</u></b>	
	<b>As at</b>	<b>As at</b>
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>S\$</b>	<b>S\$</b>
<b>Currency forwards</b>		
- Outflow	<b>(12,237,457)</b>	(11,082,970)
- Inflow	<b>12,203,865</b>	10,962,918
<b>Net outflow</b>	<b>(33,592)</b>	(120,052)

	<b><u>Less than 3 months</u></b>	
	<b>As at</b>	<b>As at</b>
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>S\$</b>	<b>S\$</b>
<b>Interest rate swap</b>		
- Outflow	-	(14,581)
<b>Net outflow</b>	-	(14,581)



**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 2024***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 2024 and 2023, 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.

	<b>Fair value at 30 June 2024</b>		<b>Fair value at 30 June 2023</b>	
	<b>Floating rate securities S\$</b>	<b>Fixed rate securities S\$</b>	<b>Floating rate securities S\$</b>	<b>Fixed rate securities S\$</b>
Aaa*	-	<b>2,135,765</b>	-	1,667,791
Aa2	-	<b>1,432,534</b>	-	-
A3	-	<b>383,364</b>	500,151	1,469,750
Baa1	-	-	1,000,331	-
Baa2	-	<b>900,291</b>	-	611,518
Baa3	<b>1,262,447</b>	-	-	-
Not rated**	<b>503,068</b>	<b>21,827,730</b>	1,158,693	24,543,723
Accrued interest receivables on quoted fixed income securities	<b>2,830</b>	<b>243,862</b>	22,239	234,613
	<b>1,768,345</b>	<b>26,923,546</b>	2,681,414	28,527,395

\* 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.

**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 2024***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 2024 and 2023.

	<b>Credit rating as at 30 June 2024</b>	<b>Credit rating as at 30 June 2023</b>	<b>Source of credit rating</b>
<b>Bank and custodian</b>			
- BNP Paribas, acting through its Singapore Branch	<b>Aa3</b>	Aa3	Moody's
<b>Counterparties of forward foreign exchange contracts</b>			
- Australia and New Zealand Bank	<b>N.A.</b>	Aa3	Moody's
- Barclays Capital	<b>A1</b>	A1	Moody's
- BNP Paribas	<b>Aa3</b>	Aa3	Moody's
- Goldman Sachs	<b>A2</b>	A2	Moody's
- HSBC Bank	<b>N.A.</b>	Aa3	Moody's
- JP Morgan Chase & Company	<b>Aa1</b>	A1	Moody's
- Standard Chartered Bank	<b>Baa2</b>	Baa2	Moody's
<b>Counterparties of interest rate swap contracts</b>			
- Societe Generale	<b>N.A.</b>	A1	Moody's
- BNP Paribas	<b>N.A.</b>	Aa3	Moody's

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

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

**(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 2024***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 2024 and 2023:

<b>As at 30 June 2024</b>	<b>Level 1 S\$</b>	<b>Level 2 S\$</b>	<b>Level 3 S\$</b>	<b>Total S\$</b>
<b>Assets</b>				
Portfolio of investments:				
- Quoted fixed income securities	2,153,635	26,538,256	-	28,691,891
- Quoted investment fund	1,668,826	-	-	1,668,826
Financial derivatives at fair value	-	15,951	-	15,951
	<b>3,822,461</b>	<b>26,554,207</b>	<b>-</b>	<b>30,376,668</b>
<b>Liabilities</b>				
Financial derivatives at fair value	-	33,592	-	33,592
<b>As at 30 June 2023</b>	<b>Level 1 S\$</b>	<b>Level 2 S\$</b>	<b>Level 3 S\$</b>	<b>Total S\$</b>
<b>Assets</b>				
Portfolio of investments:				
- 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
	<b>3,279,490</b>	<b>29,673,875</b>	<b>-</b>	<b>32,953,365</b>
<b>Liabilities</b>				
Financial derivatives at fair value	-	134,633	-	134,633

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.

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.

## 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 2024

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

##### (g) Fair value estimation (continued)

The assets and liabilities included in the Statement of Financial Position except portfolio of investments and financial derivatives 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:

	2024 S\$	2023 S\$
Bank balances held with related party of the Trustee	1,041,015	659,401
Margin balances held with related party of the Trustee	6,509	59,657
	<u>1,047,524</u>	<u>719,058</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 2024***12. Financial ratios****Expense ratio**

		<b>2024</b>	<b>2023</b>
<b><u>SGD Class A</u></b>			
Total operating expenses	S\$	<b>79,819</b>	77,035
Average daily net asset value	S\$	<b>5,425,883</b>	5,331,851
<b>Total expense ratio<sup>1</sup></b>	<b>%</b>	<b>1.47</b>	1.44

		<b>2024</b>	<b>2023</b>
<b><u>USD Class A</u></b>			
Total operating expenses	S\$	<b>3,954</b>	3,882
Average daily net asset value	S\$	<b>268,803</b>	268,879
<b>Total expense ratio<sup>1</sup></b>	<b>%</b>	<b>1.47</b>	1.44

		<b>2024</b>	<b>2023</b>
<b><u>SGD Class B</u></b>			
Total operating expenses	S\$	<b>333,734</b>	339,642
Average daily net asset value	S\$	<b>26,656,854</b>	27,664,238
<b>Total expense ratio<sup>1</sup></b>	<b>%</b>	<b>1.25</b>	1.23

		<b>2024</b>	<b>2023</b>
<b><u>USD Class B</u></b>			
Total operating expenses	S\$	<b>381</b>	705
Average daily net asset value	S\$	<b>30,993</b>	57,515
<b>Total expense ratio<sup>1</sup></b>	<b>%</b>	<b>1.23</b>	1.23

**Turnover ratio**

		<b>2024</b>	<b>2023</b>
Lower of total value of purchases or sales	S\$	<b>92,788,215</b>	92,477,388
Average daily net asset value	S\$	<b>32,382,533</b>	33,322,483
<b>Total turnover ratio<sup>2</sup></b>	<b>%</b>	<b>286.54</b>	277.52

<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.

## 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 2024

The following contains additional information relating to the Fund.

#### 1. Distribution of investments

Please refer to the Statement of Portfolio on pages 16 to 20.

#### 2. Credit rating of debt securities

	Fair value at 30 June 2024 S\$	Percentage of total net assets attributable to unitholders at 30 June 2024 %
Aaa	2,135,765	6.87
Aa2	1,432,534	4.60
A3	383,364	1.23
Baa2	900,291	2.89
Baa3	1,262,447	4.06
Not rated	22,330,798	71.74
Accrued interest receivables on quoted fixed income securities	246,692	0.79
<b>Total</b>	<b>28,691,891</b>	<b>92.18</b>

#### 3. Top 10 holdings

##### 10 largest holdings at 30 June 2024

	Fair value S\$	Percentage of total net assets attributable to unitholders %
NikkoAM-ICBCSG China Bond ETF	1,668,826	5.36
Korea Treasury Bond 1.5% due 10/09/2036	1,641,951	5.27
Korea Treasury Bond 3.75% due 10/12/2033	1,432,534	4.60
Philippine Government Bond 6.75% due 15/09/2032	1,310,860	4.21
China Development Bank 3.03% due 24/07/2043	1,214,794	3.90
India Government Bond 7.57% due 17/06/2033	1,006,092	3.23
China Government Bond 2.8% due 24/03/2029	962,838	3.09
Malaysia Government Bond 2.632% due 15/04/2031	936,160	3.01
Philippine Government Bond 7.25% due 23/06/2032	840,370	2.70
Hong Kong Government Bond 2.49% due 22/08/2028	837,268	2.69

**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 2024***3. Top 10 holdings (continued)**

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

**4. Exposure to financial derivatives**

	Fair value at 30 June 2024 S\$	Percentage of total net assets attributable to unitholders at 30 June 2024 %	Unrealised gains/(losses) S\$	Realised gains/(losses) S\$
Forward foreign exchange contracts	(17,641)	(0.06)	(17,641)	(184,583)
Swaps contracts	-	-	-	(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:

- 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 2024

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**6. Collateral**

Please refer to Note 8 of the Notes to the Financial Statements on page 32.

**7. Securities lending or repurchase transactions**

Nil.

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

Please refer to the Statement of Portfolio on pages 16 to 20.

**9. Borrowings**

Nil.

**10. Amount of units created and cancelled for the financial year ended 30 June 2024**

S\$

Units created	1,348,935
Units cancelled	(2,152,126)

**11. Turnover ratio**

Please refer to Note 12 of the Notes to the Financial Statements on page 43.

**12. Expense ratio**

Please refer to Note 12 of the Notes to the Financial Statements on page 43.

**13. Related party transactions**

Please refer to Note 11 of the Notes to the Financial Statements on page 42.

**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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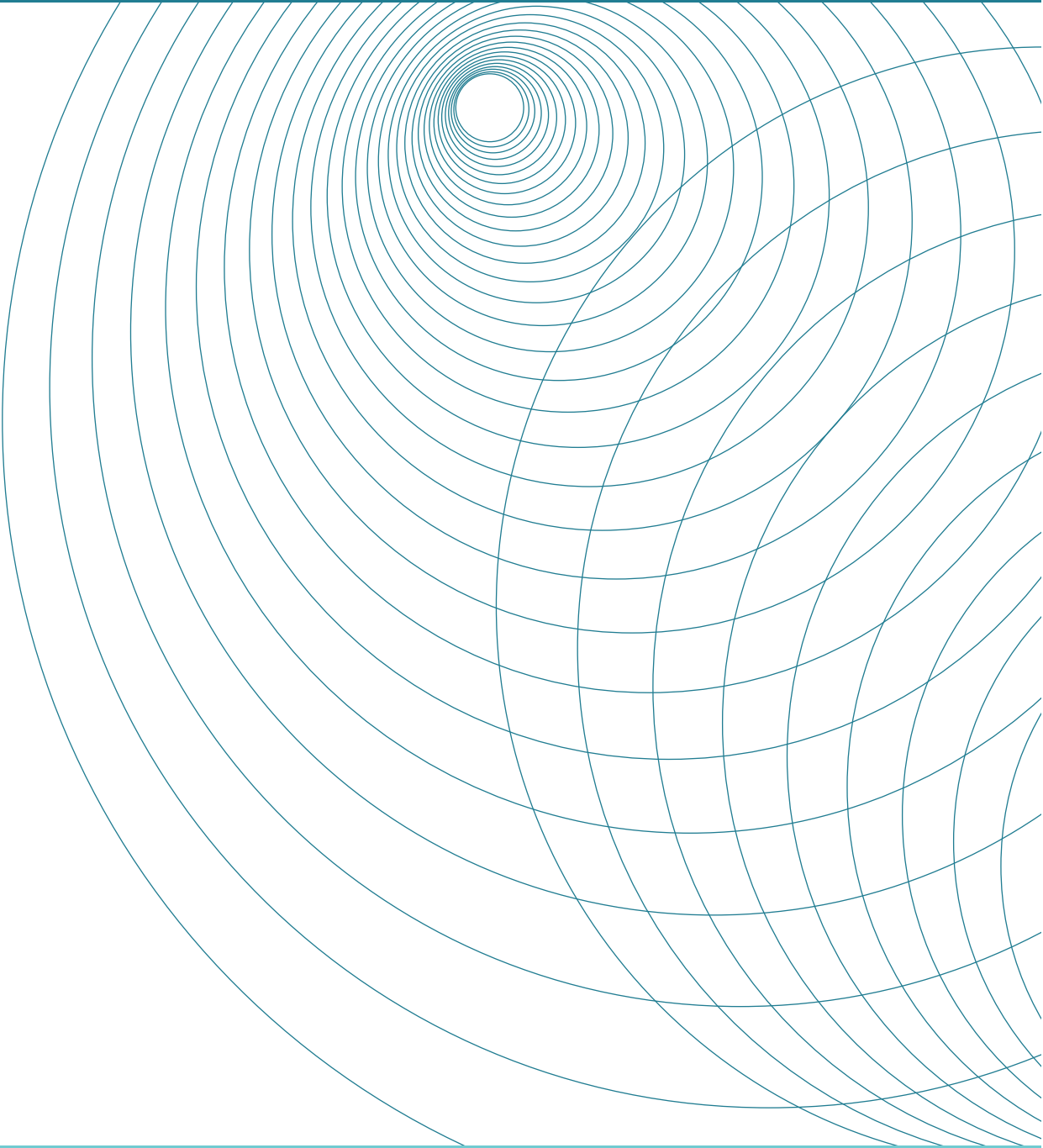
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# SEMI-ANNUAL REPORT

## Nikko AM Shenton Asia Bond Fund

Financial period ending 31 December 2023

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**MANAGERS**

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Singapore 018961  
Company Registration No. 198202562H

**DIRECTORS OF THE MANAGERS**

Seet Oon Hui Eleanor  
Yutaka Nishida  
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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).

The **Markit iBoxx Asian Local Bond Index (“ALBI”)** is a product of S&P Dow Jones Indices LLC or its affiliates (“**SPDJI**”) and has been licensed for use by **Nikko Asset Management Asia Limited**. S&P®, S&P 500®, US 500, The 500, iBoxx®, iTraxx® and CDX® are trademarks of S&P Global, Inc. or its affiliates (“**S&P**”); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC (“**Dow Jones**”); and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by **Nikko Asset Management Asia Limited**. **Nikko AM Asia Investment Funds - Nikko AM Shenton Asia Bond Fund** is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates, or their third party licensors (if any) and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions, or interruptions of the **Markit iBoxx Asian Local Bond Index (“ALBI”)**.

**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)*

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

**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> <b>S\$</b>	30 June 2023 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)**

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

	<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:

- 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 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>	59,657

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>	%	<u>165.15</u>	144.50

<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)***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>	<b>30 June 2023 S\$</b>
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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