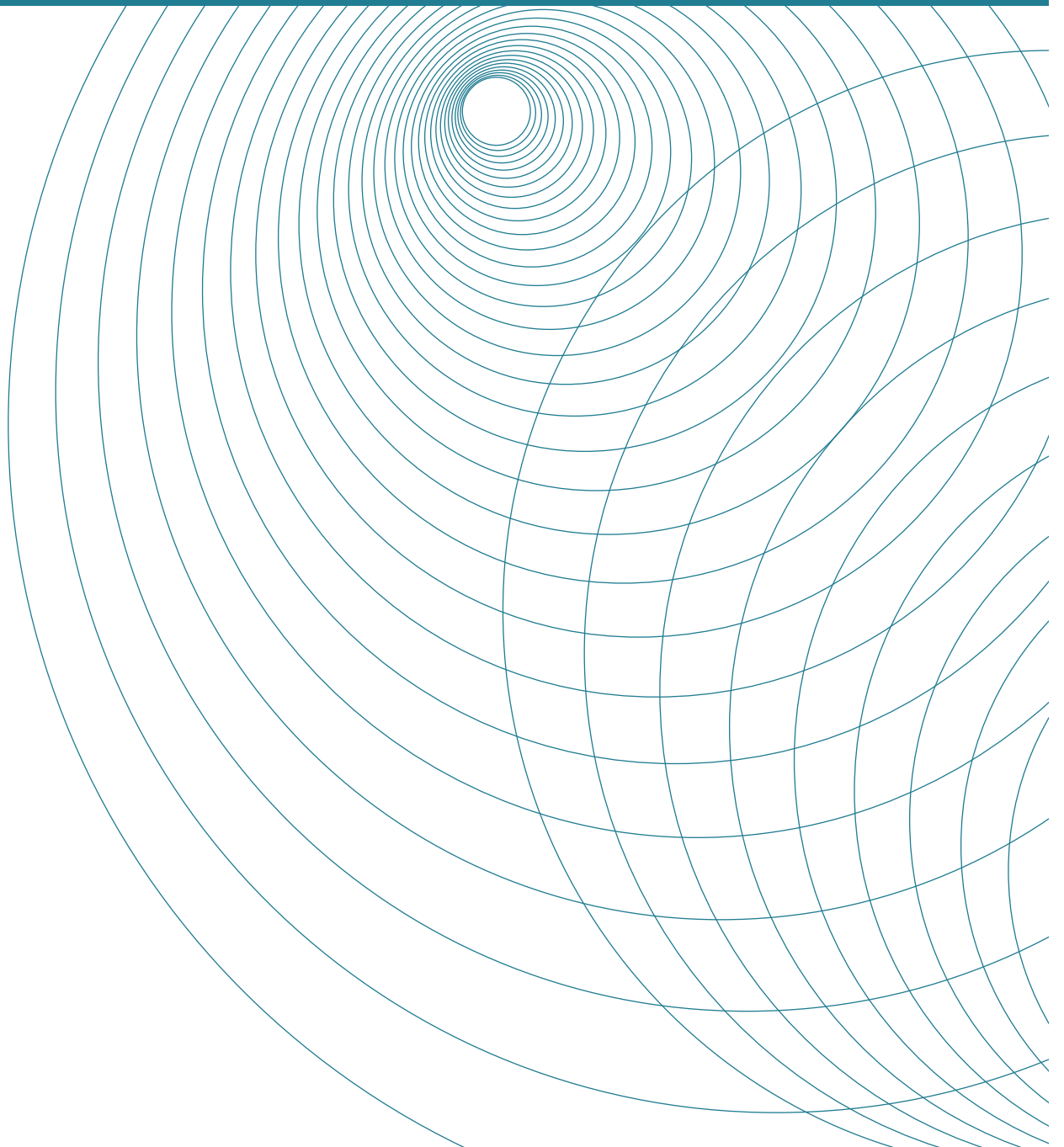

ANNUAL REPORT
Nikko AM Shenton Asia Dividend Equity Fund

Financial year ended 30 June 2023



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MANAGERS

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

DIRECTORS OF THE MANAGERS

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

TRUSTEE & REGISTRAR

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

AUDITORS

PricewaterhouseCoopers LLP
7 Straits View, Marina One,
East Tower, Level 12,
Singapore 018936

CUSTODIAN

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

This report is also available on our website (www.nikkoam.com.sg)

PERFORMANCE SUMMARY

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Shenton Asia Dividend Equity Fund - SGD Class ¹	-1.28	0.27	-7.63	3.83	2.83	3.22	3.19

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

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Shenton Asia Dividend Equity Fund - SGD Class ¹	-6.21	-4.74	-12.24	2.07	1.78	2.69	2.96

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

Inception date: 28 April 2000

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 Knowledge Fund") has been renamed "Nikko AM Shenton Asia Knowledge Fund". With effect from 17 December 2012, the Fund (formerly known as "Nikko AM Shenton Asia Knowledge Fund") has been renamed "Nikko AM Shenton Asia Dividend Equity Fund" and was restructured into an Asian High Dividend Yield fund.
- (2) With effect from 1 June 2017, the benchmark for the Fund has been removed and there is now no benchmark for the Fund. This is because pursuant to the investment objective of the Fund, the Fund is managed on a total return basis and as such, it does not seek to outperform any benchmark. With effect from 17 December 2012 in order to align the Fund's benchmark with that of its Underlying Fund, the benchmark of the Fund was changed from MSCI AC Far East Free ex Japan Index to MSCI AC Asia ex Japan Index (Net Total Return).

Portfolio Review

The Fund returned -7.63% over the 12-month period ended 30 June 2023

The Nikko AM Shenton Asia Dividend Equity Fund (the "Fund") declined by 7.63% (in SGD terms, on a NAV-NAV basis) over the 12-month period ended 30 June 2023. At the country level, holdings in China and Hong Kong were the key detractors from absolute performance, while those in Taiwan, South Korea and India contributed the most to absolute returns. At the sector level, holdings in real estate and consumer discretionary were among the biggest detractors from absolute performance, whereas holdings in energy and information technology contributed the most to absolute returns.

Market Review

Regional stocks fell over the review period

Asian equities, as measured by the MSCI AC Asia ex Japan Index (Net Total Return), returned -1.1% in US dollar (USD) terms over the 12-month period ended 30 June 2023. Within the region, the stock markets of India (+14.2%), Indonesia (+13.2%) and South Korea (+13.0%) were the best performers (as measured by the MSCI indices in USD terms), while those of China (-16.8%), Hong Kong (-9.0%) and Malaysia (-6.4%) underperformed.

Regional markets turned in mixed performance in second half of 2022 (2H22); ASEAN and India outperformed, whereas North Asian markets didn't fare well. On the whole, 2H22 saw two contrasting quarters. Asian stocks declined sharply in the third quarter, as central banks around the world enacted aggressive interest rate hikes amidst persistently high inflation prints. The slowdown in regional economies also weighed down Asian stocks. Market sentiment, however, improved in the fourth quarter of 2022 (4Q22), which saw a strong rebound in regional equities on expectations that US Federal Reserve (Fed) would slow its pace of monetary policy tightening on the back of lower-than-expected US inflation numbers. The easing of China's stringent zero-COVID policy also buoyed Asian markets in 4Q22.

Following the rebound in 4Q22, regional stocks made a strong start to 2023, supported by improved investor sentiment towards Chinese equities at the start of the year due to policy pivots in areas including COVID-19, housing and internet regulation. Despite market volatility created by the US banking turmoil and ongoing monetary policy tightening by the Fed, Asian stocks still managed to turn in decent gains in the first quarter of 2023 as the banking contagion fears eased. Asian equities, however, lost momentum and slipped in second quarter of 2023 (2Q23) due to growing concerns that the recovery in the Chinese economy was losing steam.

China and Hong Kong plummeted, while South Korea and Taiwan surged

Stocks of China and Hong Kong were the biggest losers over the 12-month period ended 30 June 2023. The lethal combination of COVID-19 lockdowns, depreciating Chinese yuan and property market downturn hit China stocks hard in 2H22. Losses in Chinese equities would have been worse if the world's second largest economy didn't ease its stringent zero-COVID policy towards the end of 2022. Despite a fleeting rebound in 4Q22 and 1Q23, China stocks started to languish again in 2Q23 due to the country's dreary economic growth. Weaker-than-expected economic data in China in 2Q23 prompted the Chinese authorities to cut interest rates in June 2023 to stimulate economic growth. Still, Beijing's modest stimulus fell short of market expectations, disappointing investors who continued to cut exposure to China stocks.

The technology-centric stock markets of South Korea and Taiwan (+12.5%), however, turned in strong gains over the review period, spurred by sharp rallies in stocks in the areas of semiconductor, artificial intelligence and electric vehicle battery. Easing inflation and a pause in interest rate hikes by the central banks of South Korea and Taiwan also lifted stocks in these two North Asian markets.

ASEAN markets saw mixed performance

Within the ASEAN region, the best performing markets over the review period were Indonesia and Singapore (+10.0%). The Philippines (+5.8%) saw decent gains, while Thailand (+1.7%) turned in modest returns. Malaysia was the only market within ASEAN to suffer negative performance over the review period. In 2H22, several central banks in the ASEAN region raised benchmark interest rates as inflation rates continued on an upward trajectory. Consumer price pressures in most ASEAN countries, however, started to ease in 1H23, which saw Bank Indonesia (from February to June) and central bank of the Philippines (in 2Q23) keeping interest rates on hold, while the Monetary Authority of Singapore maintained its monetary policy in April. On the other hand, the Bank of Thailand continuously raised interest rates in 1H23. In May, Thailand chose a new government, but political gridlock followed as the Thai parliament blocked the winning Move Forward Party's leader Pita Limjaroenrat from running for

prime minister. Elsewhere, the central bank of Malaysia unexpectedly raised its key overnight policy rate by 25 basis points to 3% in May, marking the first increase since November to rein in inflation. Perceived fragility in Malaysian Prime Minister Anwar Ibrahim's Pakatan Harapan coalition also caused investors to shun Malaysian stocks over the review period.

India outperformed other Asian markets

India, which jumped over 14% in USD terms over the review period, was the best performing market in the region. After turning in solid returns in 2H22, Indian equities suffered a sharp slump in 1Q23, compounded by a slowdown in economic growth, persistently high inflation and selling pressure on shares of the Adani Group, which was accused by short seller Hindenburg Research of engaging in widespread stock price manipulation and money laundering. Stocks in India, however, managed to rebound strongly in 2Q23, lifted by sustained inflows from foreign investors and a surprising pause in the Reserve Bank of India's rate hike policy. Recovery in shares of the Adani Group and brighter economic outlook as investors started to re-rate the growth potential of the Indian economy also supported the stock market of the populous nation in 2Q23.

Market Outlook and Strategy

China's pro-growth directives expected to continue boosting market confidence

July saw a shift in narratives around the world that looks to be supportive of growth for the rest of 2023. The news that moved the markets the most was the announcement from the Chinese authorities that in the coming months, they would be issuing directives to support the property market through a combination of reductions in mortgage rates and transaction fees, attract private capital to generate investments, promote consumer spending and focus on profitability and returns for state-owned companies. With the Chinese economy on the brink of deflation, the timing of the pro-growth directives was a very welcome signal. If carried out, they can lead to structural changes that can potentially lead to an improvement in consumer confidence and growth in the Chinese economy, in our view. The proof is in the pudding, however, as we await the roll-out of actionable policies at the regional and city levels.

Foreigners remain underweight in Chinese equities, and the sharp rally in China stocks after the Chinese government's recent announcements suggests that there was an element of short-covering by foreign investors involved. We expect to see more foreign buying as confidence returns, depending on the strength of the policies enacted.

India remains attractive despite high valuations; ASEAN balance sheets healthiest in years

Flows into China may impact the Indian market, which had previously benefited from the portfolio outflows from China. The structural arguments for why the Indian market is attractive remain unchanged. India, where earnings growth is robust, inflation is under control and interest rates are steady, continues to attract investments. However, valuations are high with the market trading at 10% above its 10-year average, and that could prove to be a headwind.

The outlook for ASEAN is tied to the demand for energy transition materials and its impact on the domestic economies. Indonesia has been leading the transition and been the best performing ASEAN market, along with Singapore. Corporate balance sheets are also at the healthiest level in more than 15 years.

The aforementioned factors continue to drive our favourable view of high-quality banks and companies leveraged to domestic consumption and capex cycle in Indonesia and India.

Remain selective in South Korea and Taiwan

Notwithstanding our constructive long-term view on innovation tech leaders in South Korea and Taiwan, we remain selective in this space due to uncertain Western demand in consumer tech as economic growth in the West slows. However, we could be reaching the trough of the cycle.

Outside of the region, inflation is either stable or trending lower. However, there is risk from the food and energy components of inflation which may be more persistent than expected due to the termination of the Russian-Ukraine grain agreement and lack of supply increase from the Organization of the Petroleum Exporting Countries even as demand expectations rise.

This document is purely for informational purposes only with no consideration given to the specific investment objective, financial situation and particular needs of any specific person. It should not be relied upon as financial advice. Any securities mentioned herein are for illustration purposes only and should not be construed as a recommendation for investment. **You should seek advice from a financial adviser before making any investment. In the event that you choose not to do so, you should consider whether the investment selected is suitable for you.** Investments in funds are not deposits in, obligations of, or guaranteed or insured by Nikko Asset Management Asia Limited (“Nikko AM Asia”).

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

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(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 DIVIDEND EQUITY FUND

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

REPORT OF THE TRUSTEE

For the financial year ended 30 June 2023

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

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 12 to 31, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

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

Authorised signatory
28 September 2023

NIKKO AM SHENTON ASIA DIVIDEND EQUITY FUND

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

STATEMENT BY THE MANAGER

For the financial year ended 30 June 2023

In the opinion of Nikko Asset Management Asia Limited, the accompanying financial statements set out on pages 12 to 31, 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 Dividend Equity Fund (the "Fund") as at 30 June 2023, and the financial performance and movements in unitholders' funds for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager
Nikko Asset Management Asia Limited

Authorised signatory
28 September 2023

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

Our Opinion

In our opinion, the accompanying financial statements of Nikko AM Shenton Asia Dividend Equity Fund (the "Fund"), are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants, so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 30 June 2023, and the financial performance and movements of unitholders' funds for the financial year ended on that date.

What we have audited

The financial statements of the Fund comprise:

- the Statement of Total Return for the financial year ended 30 June 2023;
- the Statement of Financial Position as at 30 June 2023;
- the Statement of Movements of Unitholders' Funds for the financial year ended 30 June 2023;
- the Statement of Portfolio as at 30 June 2023; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Fund in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

The Fund's Manager (the "Manager") is responsible for the other information. The other information comprises all sections of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of the Manager for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 28 September 2023

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

STATEMENT OF TOTAL RETURN
For the financial year ended 30 June 2023

	Note	2023 S\$	2022 S\$
Income			
Dividends		226,315	304,882
Interest on cash and cash equivalents		4,569	94
Other income		2	-
		230,886	304,976
Less: Expenses			
Management fee		100,765	115,039
Management fee rebate		-	(43,050)
Transfer agent fee		11,615	8,693
Trustee fee		3,359	3,835
Custody fee		1,792	55
Audit fee		8,146	8,096
Valuation fee		10,000	10,000
Transaction costs		42,443	9,910
Other expenses		15,884	73,884
		194,004	186,462
Net income		36,882	118,514
Net gains or losses on value of investments			
Net losses on investments		(553,098)	(1,379,888)
Net foreign exchange losses		(10,641)	(1,991)
		(563,739)	(1,381,879)
Total deficit for the financial year before income tax		(526,857)	(1,263,365)
Less: Income tax	3	(18,946)	(123)
Total deficit for the financial year after income tax		(545,803)	(1,263,488)

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	2023 S\$	2022 S\$
ASSETS			
Portfolio of investments		6,507,034	6,716,225
Sales awaiting settlement		53,531	70
Receivables	4	14,555	52,754
Cash and cash equivalents		135,151	467,943
Total assets		6,710,271	7,236,992
LIABILITIES			
Payables	5	41,224	80,696
Purchases awaiting settlement		-	49,474
Distribution payable	7	22,422	42,231
Total liabilities		63,646	172,401
EQUITY			
Net assets attributable to unitholders	6	6,646,625	7,064,591

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the financial year ended 30 June 2023

	Note	2023 S\$	2022 S\$
Net assets attributable to unitholders at the beginning of the financial year		7,064,591	8,110,426
Operations			
Change in net assets attributable to unitholders resulting from operations		(545,803)	(1,263,488)
Unitholders' contributions/(withdrawals)			
Creation of units		1,601,618	2,032,527
Cancellation of units		(1,119,064)	(1,376,990)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		482,554	655,537
Distributions	7	(354,717)	(437,884)
Total decrease in net assets attributable to unitholders		(417,966)	(1,045,835)
Net assets attributable to unitholders at the end of the financial year	6	6,646,625	7,064,591

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF PORTFOLIO

As at 30 June 2023

By Geography (Primary)	Holdings at 30 June 2023	Fair value at 30 June 2023 S\$	Percentage of total net assets attributable to unitholders at 30 June 2023 %
Quoted Equities			
CHINA			
By-Health Company Limited	14,100	62,901	0.95
China Lesso Group Holdings Limited	126,572	112,353	1.69
China Merchants Bank Company Limited	14,667	90,172	1.36
China Yongda Automobiles Services Holdings Limited	71,816	48,865	0.74
CSPC Pharmaceutical Group Limited	120,000	141,127	2.12
Huadong Medicine Company Limited	6,700	54,057	0.81
Jiangsu Hengli Hydraulic Company Limited	6,600	78,985	1.19
Ping An Insurance Group Company of China Limited	17,460	150,311	2.26
Shenzhen Mindray Bio-Medical Electronics Company Limited	1,400	78,081	1.17
Tencent Holdings Limited	6,006	343,940	5.17
Tianqi Lithium Corporation	5,100	66,328	1.00
Zhejiang Chint Electrics Company Limited	13,400	68,927	1.04
Total CHINA		1,296,047	19.50
HONG KONG SAR			
AIA Group Limited	30,246	413,168	6.22
China Medical System Holdings Limited	76,271	168,071	2.53
China Water Affairs Group Limited	98,917	101,129	1.52
CIMC Enric Holdings Limited	104,000	125,723	1.89
Health & Happiness H&H International Holdings Limited	37,000	64,409	0.97
Hong Kong Exchanges & Clearing Limited	2,708	138,054	2.08
New World Development Company Limited	30,000	99,887	1.50
SITC International Holdings Company Limited	39,627	97,861	1.47
Total HONG KONG SAR		1,208,302	18.18
INDIA			
Dabur India Limited	10,068	95,162	1.43
Emami Limited	9,835	68,785	1.03
Hindalco Industries Limited	14,247	98,901	1.49
ICICI Bank Limited	5,564	85,726	1.29
ICICI Bank Limited - SP ADR	5,100	159,300	2.40
IndusInd Bank Limited	5,795	131,416	1.98
Mahindra & Mahindra Limited	3,763	90,385	1.36
Sun Pharmaceutical Industries Limited	4,389	75,935	1.14
Total INDIA		805,610	12.12
INDONESIA			
Ace Hardware Indonesia TBK PT	1,465,443	89,291	1.34
Arwana Citramulia TBK PT	1,161,990	92,828	1.40
Bank Central Asia TBK PT	125,196	103,406	1.56
Bank Negara Indonesia Persero TBK PT	245,558	202,820	3.05
Total INDONESIA		488,345	7.35
PHILIPPINES			
Nickel Asia Corporation	1,105,971	162,150	2.44
Union Bank of The Philippines	38,820	71,287	1.07
Total PHILIPPINES		233,437	3.51

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF PORTFOLIO

As at 30 June 2023

By Geography (Primary) (continued)

	Holdings at 30 June 2023	Fair value at 30 June 2023 S\$	Percentage of total net assets attributable to unitholders at 30 June 2023 %
Quoted Equities (continued)			
SINGAPORE			
CapitaLand Investment Limited	25,527	84,494	1.27
DBS Group Holdings Limited	3,086	97,240	1.46
Keppel Corporation Limited	14,590	97,899	1.47
Sheng Siong Group Limited	47,728	78,274	1.18
United Overseas Bank Limited	4,200	117,600	1.77
Total SINGAPORE		475,507	7.15
SOUTH KOREA			
LG Chem Limited	128	87,689	1.32
Samsung Electronics Company Limited	196	367,644	5.53
SFA Engineering Corporation	2,521	93,215	1.40
St Pharm Company Limited	759	59,948	0.90
Total SOUTH KOREA		608,496	9.15
TAIWAN			
Accton Technology Corporation	5,000	75,827	1.14
Advantech Company Limited	4,000	71,177	1.07
Chalease Holding Company Limited	10,000	88,646	1.33
CTCI Corporation	45,000	82,323	1.24
eMemory Technology Incorporated	1,000	96,033	1.45
Lite-On Technology Corporation	30,000	134,924	2.03
Sinbon Electronics Company Limited	11,000	176,618	2.66
Taiwan Semiconductor Manufacturing Company Limited	2,000	50,059	0.75
Taiwan Semiconductor Manufacturing Company Limited – SP ADR	2,767	377,803	5.68
Total TAIWAN		1,153,410	17.35
THAILAND			
Bangchak Corporation Public Company Limited	48,000	66,875	1.01
Total THAILAND		66,875	1.01
Total Quoted Equities		6,336,029	95.32
Quoted Investment Funds			
SINGAPORE			
Keppel Infrastructure Trust	149,415	76,202	1.15
Total SINGAPORE		76,202	1.15
Total Quoted Investment Funds		76,202	1.15

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF PORTFOLIO

As at 30 June 2023

By Geography (Primary) (continued)

	Holdings at 30 June 2023	Fair value at 30 June 2023 S\$	Percentage of total net assets attributable to unitholders at 30 June 2023 %
Quoted Real Estate Investment Trusts			
INDIA			
Embassy Office Parks REIT	19,694	94,803	1.43
Total INDIA		<u>94,803</u>	<u>1.43</u>
Total Quoted Real Estate Investment Trusts		<u>94,803</u>	<u>1.43</u>
Portfolio of investments		6,507,034	97.90
Other net assets		<u>139,591</u>	<u>2.10</u>
Net assets attributable to unitholders		<u>6,646,625</u>	<u>100.00</u>

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF PORTFOLIO

As at 30 June 2023

By Geography (Summary)	Percentage of total net assets attributable to unitholders at 30 June 2023 %	Percentage of total net assets attributable to unitholders at 30 June 2022 %
Quoted Equities		
China	19.50	24.23
Hong Kong SAR	18.18	15.47
India	12.12	2.21
Indonesia	7.35	8.70
Philippines	3.51	2.89
Singapore	7.15	10.49
South Korea	9.15	5.68
Taiwan	17.35	12.48
Thailand	1.01	1.29
Total Quoted Equities	95.32	83.44
Quoted Investment Funds		
Ireland	-	6.19
Singapore	1.15	-
Total Quoted Investment Funds	1.15	6.19
Quoted Real Estate Investment Trusts		
Hong Kong SAR	-	2.99
India	1.43	-
Philippines	-	0.74
Singapore	-	1.71
Total Quoted Real Estate Investment Trusts	1.43	5.44
Portfolio of investments	97.90	95.07
Other net assets	2.10	4.93
Net assets attributable to unitholders	100.00	100.00

The accompanying notes form an integral part of these financial statements

NIKKO AM SHENTON ASIA DIVIDEND EQUITY FUND
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STATEMENT OF PORTFOLIO

As at 30 June 2023

By Industry (Secondary)	Fair value at 30 June 2023 S\$	Percentage of total net assets attributable to unitholders at 30 June 2023 %	Percentage of total net assets attributable to unitholders at 30 June 2022 %
Agriculture	-	-	0.64
Auto Manufacturers	90,385	1.36	-
Banks	1,058,967	15.93	12.32
Building Materials	205,181	3.09	4.26
Chemicals	154,017	2.32	-
Computers	71,177	1.07	3.61
Cosmetics/Personal Care	95,162	1.43	-
Diversified Financial Services	226,700	3.41	2.72
Electronics	245,545	3.70	3.40
Engineering and Construction	180,222	2.71	3.38
Environmental Control	101,129	1.52	1.48
Equity Fund	76,202	1.15	6.19
Food	-	-	1.49
Healthcare-Products	246,152	3.70	2.53
Home Furnishings	134,924	2.03	-
Insurance	563,479	8.48	8.98
Internet	343,940	5.17	5.17
Machinery-Diversified	172,200	2.59	1.50
Mining	261,051	3.93	2.14
Oil and Gas	66,875	1.01	-
Oil and Gas Services	125,723	1.89	-
Packaging & Containers	-	-	1.29
Pharmaceuticals	527,162	7.93	4.97
Private Equity	84,494	1.27	1.61
Real Estate	99,887	1.50	2.73
Real Estate Investment Trusts (REITS)	94,803	1.43	5.44
Retail	216,430	3.26	3.66
Semiconductors	891,539	13.41	11.35
Telecommunications	75,827	1.14	0.75
Transportation	97,861	1.47	3.46
Portfolio of investments	6,507,034	97.90	95.07
Other net assets	139,591	2.10	4.93
Net assets attributable to unitholders	6,646,625	100.00	100.00

The accompanying notes form an integral part of these financial statements

NIKKO AM SHENTON ASIA DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

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

1. General

Nikko AM Shenton Asia Dividend Equity Fund (the "Fund") is a Singapore domiciled fund, constituted as a sub-fund of the Nikko AM Asia Investment Funds, pursuant to the Trust Deed dated 8 March 2000 as amended by Supplemental Deeds and Amended and Restated Deeds (collectively referred to as the "Deeds"). The Deeds are governed by the laws of the Republic of Singapore. The Trustee of the Fund is BNP Paribas Trust Services Singapore Limited (the "Trustee"). The Manager of the Fund is Nikko Asset Management Asia Limited (the "Manager").

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

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

There are currently three classes of units established within the Fund, namely SGD Class, USD Class and RMB Class.

The classes differ in terms of their class currency and the minimum subscription amounts applicable.

As of 30 June 2023 and 2022, only units in the SGD Class have been issued.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below:

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets held at fair value through profit or loss, and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

(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.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

2. Significant accounting policies (continued)

(c) Distributions

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

(d) Investments

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

(i) *Initial recognition*

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

(ii) *Subsequent measurement*

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

(iii) *Derecognition*

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

(e) Basis of valuation of investments

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The quoted market price used for investments held by the Fund is the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value.

(f) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

NIKKO AM SHENTON ASIA DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

2. Significant accounting policies (continued)

(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").

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

(ii) *Transactions and balances*

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

3. Income tax

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

Under the DUT Scheme, subject to certain conditions and reporting obligations being met, certain income of the DUT fund is not taxable in accordance to Sections 35(12) and 35(12A) of the Income Tax Act 1947. Such income includes:

- (a) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (b) interest (other than interest for which tax has been deducted under section 45 of the Income Tax Act 1947);
- (c) dividends derived from outside Singapore and received in Singapore;
- (d) gains or profits derived from foreign exchange transactions, transactions in futures contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities or financial index;
- (e) discount prepayment fees, redemption premium and break cost from qualifying debt securities issued during the prescribed period; and
- (f) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.

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

	2023	2022
	S\$	S\$
Overseas income tax	18,946	123

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

4. Receivables

	2023	2022
	S\$	S\$
Receivable from unitholders for creation of units	3,889	52,292
Dividends receivable	10,666	462
	14,555	52,754

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

5. Payables

	2023	2022
	S\$	S\$
Payable to unitholders for cancellation of units	1,259	256
Amount due to the Manager	26,963	20,122
Amount due to the Trustee	899	970
Valuation fee payable	2,693	2,669
Transfer agent fee payable	1,212	1,200
Provision for audit fee	7,847	7,811
Custody fee payable	351	58
Other payables	-	47,610
	41,224	80,696

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

6. Units in issue

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

<u>SGD Class</u>	2023	2022
Units at beginning of the financial year	4,968,388	4,547,617
Units created	1,227,933	1,252,052
Units cancelled	(857,851)	(831,281)
Units at end of the financial year	5,338,470	4,968,388
Net assets attributable to unitholders - S\$	6,646,625	7,064,591
Net asset value per unit - S\$	1.245	1.422

A reconciliation of the net asset value as reported in the Statement of Financial Position to the net asset value as determined for the purpose of processing unit subscription and redemption is provided below:

<u>SGD Class</u>	2023	2022
	S\$	S\$
Net assets attributable to unitholders per financial statements per unit	1.245	1.422
Effects of distribution per unit	0.004	0.008
Net assets attributable to unitholders for issuing/redeeming per unit	1.249	1.430

NIKKO AM SHENTON ASIA DIVIDEND EQUITY FUND
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

7. Distributions

	2023 S\$	2022 S\$
June final distribution of S\$0.42 (SGD Class) per 100 units in respect of the financial year ended 30 June 2023	22,422	-
May interim distribution of S\$0.41 (SGD Class) per 100 units in respect of the financial year ended 30 June 2023	21,938	-
April interim distribution of S\$0.43 (SGD Class) per 100 units in respect of the financial year ended 30 June 2023	22,947	-
March interim distribution of S\$0.42 (SGD Class) per 100 units in respect of the financial year ended 30 June 2023	22,225	-
February interim distribution of S\$0.44 (SGD Class) per 100 units in respect of the financial year ended 30 June 2023	23,312	-
January interim distribution of S\$0.44 (SGD Class) per 100 units in respect of the financial year ended 30 June 2023	23,174	-
December interim distribution of S\$0.43 (SGD Class) per 100 units in respect of the financial year ended 30 June 2023	22,273	-
November interim distribution of S\$0.75 (SGD Class) per 100 units in respect of the financial year ended 30 June 2023	38,529	-
October interim distribution of S\$0.71 (SGD Class) per 100 units in respect of the financial year ended 30 June 2023	36,812	-
September interim distribution of S\$0.79 (SGD Class) per 100 units in respect of the financial year ended 30 June 2023	40,100	-
August interim distribution of S\$0.81 (SGD Class) per 100 units in respect of the financial year ended 30 June 2023	40,556	-
July interim distribution of S\$0.80 (SGD Class) per 100 units in respect of the financial year ended 30 June 2023	40,429	-
June final distribution of S\$0.85 (SGD Class) per 100 units in respect of the financial year ended 30 June 2022	-	42,231
May interim distribution of S\$0.85 (SGD Class) per 100 units in respect of the financial year ended 30 June 2022	-	41,518
April interim distribution of S\$0.90 (SGD Class) per 100 units in respect of the financial year ended 30 June 2022	-	43,441
March interim distribution of S\$0.86 (SGD Class) per 100 units in respect of the financial year ended 30 June 2022	-	41,624
February interim distribution of S\$0.98 (SGD Class) per 100 units in respect of the financial year ended 30 June 2022	-	46,539
January interim distribution of S\$1.01 (SGD Class) per 100 units in respect of the financial year ended 30 June 2022	-	46,415
December interim distribution of S\$0.97 (SGD Class) per 100 units in respect of the financial year ended 30 June 2022	-	43,656
November interim distribution of S\$0.57 (SGD Class) per 100 units in respect of the financial year ended 30 June 2022	-	25,900
October interim distribution of S\$0.57 (SGD Class) per 100 units in respect of the financial year ended 30 June 2022	-	25,657
September interim distribution of S\$0.58 (SGD Class) per 100 units in respect of the financial year ended 30 June 2022	-	26,102
August interim distribution of S\$0.59 (SGD Class) per 100 units in respect of the financial year ended 30 June 2022	-	26,958
July interim distribution of S\$0.61 (SGD Class) per 100 units in respect of the financial year ended 30 June 2022	-	27,843
	354,717	437,884

NIKKO AM SHENTON ASIA DIVIDEND EQUITY FUND

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

8. Financial risk management

The Fund's activities expose it to a variety of risk, including but not limited to market risk (including price risk, interest rate risk and currency risk), liquidity risk and credit risk. The Manager is responsible for the implementation of the overall risk management programme, which seeks to minimise potential adverse effects on the Fund's financial performance. Specific guidelines on exposures to individual securities and certain industries and/or countries are in place as part of the overall financial risk management to reduce the Fund's exposures to these risks.

The Fund's primary objective is to achieve medium to long term capital appreciation by investing primarily in equities listed in Asia ex Japan that offer attractive and sustainable dividend payments.

The Fund will achieve this investment objective by constructing a portfolio of dividend producing equity securities listed and traded on the stock exchanges in the countries represented in the MSCI AC (All Countries) Asia ex Japan Index. The Fund will invest at least 90% of its total net assets in equity securities which may include common stocks, preferred shares, convertible securities, warrants, depository receipts, exchange-traded funds and closed-ended real estate investment trusts.

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

(a) Market risk - Price risk

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

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

As the Fund invests primarily in equities listed in Asia ex Japan, the Manager is of the view that the price risk of the Fund is best reflected by movements in the MSCI AC (All Countries) Asia ex Japan Index (the "Index").

As at 30 June 2023, an increase/decrease of the index component within the Index by 15% (2022: 17%), with all other variables remaining constant, the net assets attributable to unitholders for the year would increase/decrease by approximately 13% (2022: 16%). The analysis was based on the assumptions that the index components within the Index increased/decreased by a reasonable possible shift, with all other variables held constant and that the fair value of Fund's investments moved according to the beta. Reasonable possible changes in market index percentage are revised annually depending on the Manager's current view on market volatility and other relevant factors.

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For the financial year ended 30 June 2023

8. Financial risk management (continued)

(b) Market risk - Interest rate risk

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

Investment funds that invest in equity securities may be subject to interest rate risk as any interest rate change may affect the equity risk premium though at varying degrees. To manage this risk, the Manager analyses how interest rate changes may affect different industries and securities and then seeks to adjust the Fund's portfolio investments accordingly.

However, the effects of changes in interest rates on the Fund's portfolio may not be quantified as the relationship between the interest rates and the value of equity securities is indirect. Hence, no sensitivity analysis has been presented separately.

(c) Market risk - Currency risk

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

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

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

As at 30 June 2023	SGD S\$	HKD S\$	USD S\$	INR S\$	TWD S\$	Others S\$	Total S\$
Assets							
Portfolio of investments	551,709	2,095,070	904,747	741,113	775,607	1,438,788	6,507,034
Sales awaiting settlement	-	-	-	-	65	53,466	53,531
Receivables	3,889	2,428	1,324	981	841	5,092	14,555
Cash and cash equivalents	49,841	141	13,793	-	71,374	2	135,151
Total assets	605,439	2,097,639	919,864	742,094	847,887	1,497,348	6,710,271
Liabilities							
Payables	41,224	-	-	-	-	-	41,224
Distributions payable	22,422	-	-	-	-	-	22,422
Total liabilities	63,646	-	-	-	-	-	63,646
Net currency exposure	541,793	2,097,639	919,864	742,094	847,887	1,497,348	
As at 30 June 2022	SGD S\$	HKD S\$	USD S\$	TWD S\$	Others S\$	Total S\$	
Assets							
Portfolio of investments	815,415	2,633,031	1,326,633	526,209	1,414,937		6,716,225
Sales awaiting settlement	-	-	-	70	-	-	70
Receivables	52,292	-	-	462	-	-	52,754
Cash and cash equivalents	255,389	-	53,213	159,341	-	-	467,943
Total assets	1,123,096	2,633,031	1,379,846	686,082	1,414,937		7,236,992
Liabilities							
Payables	80,696	-	-	-	-	-	80,696
Purchases awaiting settlement	7,331	-	-	18,457	23,686	-	49,474
Distributions payable	42,231	-	-	-	-	-	42,231
Total liabilities	130,258	-	-	18,457	23,686		172,401
Net currency exposure	992,838	2,633,031	1,379,846	667,625	1,391,251		

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

8. 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 equities, listed investment funds and real estate investment funds as part of the price risk sensitivity analysis.

As of 30 June 2023 and 2022, the Fund does not hold substantial monetary assets/liabilities denominated in foreign currencies. Changes in foreign exchange rates on monetary assets/liabilities will not result in a significant change in the net asset value of the Fund. Hence, no separate sensitivity analysis on foreign currency risk has been presented.

(d) **Liquidity risk**

Liquidity risk is the risk of loss arising from the inability of the Fund to meet its obligations as and when they fall due without incurring unacceptable cost or losses.

The Fund is exposed to daily cash redemptions from unitholders. However, in accordance with the Fund's prospectus, minimum holdings and redemption size are set.

To manage the liquidity risk, a cash buffer is maintained in the Fund and monitored for minimum cash balances to prevent any extensive disposition of assets which may occur at lower prices and overdraft situations to meet trade settlements and obligations.

The Fund's securities are considered readily realisable as the majority of the securities are listed on recognised stock exchanges.

The Fund's financial liabilities are analysed using contractual undiscounted cash flows for maturity groupings based on the remaining year at the Statement of Financial Position date to the contractual maturity date. As at 30 June 2023 and 2022, all liabilities are either payable upon demand or due in less than 3 months. The impact of discounting is not significant.

	Less than 3 months	
	As at	As at
	30 June 2023	30 June 2022
	S\$	S\$
Payables	41,224	80,696
Purchases awaiting settlement	-	49,474
Distributions payable	22,422	42,231
Contractual cash outflows	63,646	172,401

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For the financial year ended 30 June 2023

8. Financial risk management (continued)

(e) Credit risk

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

Concentrations of credit risk are minimised primarily by:

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

The Fund is also exposed to counterparty credit risk on its financial assets held at amortised cost. As at 30 June 2023 and 2022, the Fund's financial assets held at amortised cost as disclosed in the Statement of Financial Position are realised within three months. The Manager considers the probability of default to be insignificant as the counterparties generally have a strong capacity to meet their contractual obligations in the near term. Hence, no loss allowance has been recognised based on the 12 month expected credit losses as any such impairment would be insignificant to the Fund.

All trade settlement with approved counterparties are on Delivery versus Payment and/or Receipt versus Payment basis, with the exception of initial public offerings, new issues and placement transactions.

Credit risk arises from cash and cash equivalents and outstanding and committed transactions from brokers. The table below summarises the credit rating of bank and custodians in which the Fund's assets are held as at 30 June 2023 and 2022.

	Credit rating as at 30 June 2023	Credit rating as at 30 June 2022
Bank and custodian		
- BNP Paribas, acting through its Singapore Branch	Aa3	A+

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

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

(f) Capital management

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

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NOTES TO THE FINANCIAL STATEMENTS

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8. Financial risk management (continued)

(g) Fair value estimation

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

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

As at 30 June 2023	Level 1	Level 2	Level 3	Total
	S\$	S\$	S\$	S\$
Assets				
Financial assets designated at fair value through profit or loss:				
- Quoted equities	6,336,029	-	-	6,336,029
- Quoted investment funds	76,202	-	-	76,202
- Quoted real estate investment trusts	94,803	-	-	94,803
	6,507,034	-	-	6,507,034
As at 30 June 2022				
	Level 1	Level 2	Level 3	Total
	S\$	S\$	S\$	S\$
Assets				
Financial assets designated at fair value through profit or loss:				
- Quoted equities	5,894,279	-	-	5,894,279
- Quoted investment funds	437,540	-	-	437,540
- Quoted real estate investment trusts	384,406	-	-	384,406
	6,716,225	-	-	6,716,225

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

9. Related party transactions

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

	2023	2022
	S\$	S\$
Bank balances held with related party of the Trustee	135,151	467,943

10. Financial ratios

Expense ratio

		2023	2022
<u>SGD Class</u>			
Total operating expenses	S\$	151,542	176,552
Average daily net asset value	S\$	6,717,095	7,673,123
Total expense ratio¹			
(including the Underlying Fund's expense ratio)	%	2.26	3.44
Weighted average of the Underlying Fund's unaudited expense ratio	%	-	1.14

Turnover ratio

		2023	2022
Lower of total value of purchases or sales	S\$	3,573,714	7,890,768
Average daily net asset value	S\$	6,717,095	7,673,123
Total turnover ratio²	%	53.20	102.84

¹ The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). This is the sum of the Fund's expense ratio and the weighted average of the Underlying Fund's unaudited expense ratio. The calculation of the expense ratio at financial year end was based on total operating expenses divided by the average net asset value for the year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

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

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

REPORT TO UNITHOLDERS

For the financial year ended 30 June 2023

The following contains additional information relating to the Fund.

1. Distribution of investments

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

2. Credit rating of debt securities

Nil.

3. Top 10 holdings

10 largest holdings at 30 June 2023

	Fair value S\$	Percentage of total net assets attributable to unitholders %
AIA Group Limited	413,168	6.22
Taiwan Semiconductor Manufacturing Company Limited – SP ADR	377,803	5.68
Samsung Electronics Company Limited	367,644	5.53
Tencent Holdings Limited	343,940	5.17
Bank Negara Indonesia Persero TBK PT	202,820	3.05
Sinbon Electronics Company Limited	176,618	2.66
China Medical System Holdings Limited	168,071	2.53
Nickel Asia Corporation	162,150	2.44
ICICI Bank Limited - SPON ADR	159,300	2.40
Ping An Insurance Group Company of China Limited	150,311	2.26

10 largest holdings at 30 June 2022

	Fair value S\$	Percentage of total net assets attributable to unitholders %
AIA Group Limited	423,047	5.99
Tencent Holdings Limited	364,934	5.17
Taiwan Semiconductor Manufacturing Company Limited - SP ADR	355,314	5.03
Samsung Electronics Company Limited	330,999	4.69
iShares MSCI India UCITS ETF	291,398	4.12
Link REIT	211,101	2.99
Longfor Group Holdings Limited	192,557	2.73
Hong Kong Exchanges & Clearing Limited	192,233	2.72
China Medical System Holdings Limited	178,596	2.53
DBS Group Holdings Limited	174,696	2.47

4. Exposure to financial derivatives

Nil.

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

REPORT TO UNITHOLDERS

For the financial year ended 30 June 2023

5. Global exposure to financial derivatives

Nil.

6. Collateral

Nil.

7. Securities lending or repurchase transactions

Nil.

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

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

9. Borrowings

Nil.

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

S\$

Units created	1,601,618
Units cancelled	(1,119,064)

11. Turnover ratio

Please refer to Note 10 of the Notes to the Financial Statements on page 31.

12. Expense ratio

Please refer to Note 10 of the Notes to the Financial Statements on pages 31.

13. Related party transactions

Please refer to Note 9 of the Notes to the Financial Statements on page 31.

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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SEMI-ANNUAL REPORT

For the financial period ending 31 December 2022

Nikko AM Shenton Asia Dividend Equity Fund

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MANAGERS

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

DIRECTORS OF THE MANAGERS

Kiyotaka Ryu
Seet Oon Hui Eleanor
Hiroki Tsujimura

TRUSTEE & REGISTRAR

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

AUDITORS

PricewaterhouseCoopers LLP
7 Straits View, Marina One,
East Tower, Level 12,
Singapore 018936

CUSTODIAN

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

This report is also available on our website (www.nikkoam.com.sg)

PERFORMANCE SUMMARY

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Shenton Asia Dividend Equity Fund - SGD Class ¹	2.39	-7.87	-18.86	1.75	1.38	3.55	3.25

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

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Shenton Asia Dividend Equity Fund - SGD Class ¹	-2.73	-12.48	-22.92	0.03	0.34	3.02	3.01

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

Inception date: 28 April 2000

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 Knowledge Fund") has been renamed "Nikko AM Shenton Asia Knowledge Fund". With effect from 17 December 2012, the Fund (formerly known as "Nikko AM Shenton Asia Knowledge Fund") has been renamed "Nikko AM Shenton Asia Dividend Equity Fund" and was restructured into an Asian High Dividend Yield fund.
- (2) With effect from 1 June 2017, the benchmark for the Fund has been removed and there is now no benchmark for the Fund. This is because pursuant to the investment objective of the Fund, the Fund is managed on a total return basis and as such, it does not seek to outperform any benchmark. With effect from 17 December 2012 in order to align the Fund's benchmark with that of its Underlying Fund, the benchmark of the Fund was changed from MSCI AC Far East Free ex Japan Index to MSCI AC Asia ex Japan Index (Net Total Return).

Portfolio Review

The Fund returned -7.87% over the six-month period ended 31 December 2022

The Nikko AM Shenton Asia Dividend Equity Fund (the "Fund") declined by 7.87% (in SGD terms, on a NAV-NAV basis) over the six-month period ended 31 December 2022. At the country level, holdings in China and Indonesia were the key detractors from absolute performance, while exposure to Thailand and India contributed to returns. At the sector level, holdings in consumer discretionary and real estate were among the biggest detractors from performance, whereas holdings in energy and financials contributed the most to absolute performance.

Market Review

Asian markets fell over the review period

Asian equities, as measured by the MSCI AC Asia ex Japan Index (Net Total Return), returned -4.1% in US dollar (USD) terms over the six-month period ended 31 December 2022, which saw two contrasting quarters. Within the region, the stock markets of Thailand, Singapore and India were the best performers (as measured by the MSCI indices in USD terms), while those of China, Taiwan and Hong Kong underperformed.

Regional markets declined sharply in the third quarter of 2022 (3Q22), as central banks around the world enacted aggressive interest rate hikes amidst persistently high inflation prints. The slowdown in regional economies also weighed down Asian stocks. Market sentiment, however, improved in the fourth quarter of 2022 (4Q22), which saw a strong rebound in regional equities on expectations that US Federal Reserve (Fed) would slow its pace of monetary policy tightening on the back of lower-than-expected US inflation numbers. The easing of China's stringent zero-COVID policy also buoyed Asian markets in 4Q22.

The ASEAN markets outperformed

Despite persistent inflationary headwinds, all major ASEAN equity markets turned in positive returns in second half of 2022 (2H22), lifted by the strong gains in the final quarter of the year. Thailand (+12.7% in USD terms) was the best performing market in the region, buoyed by the potential return of Chinese tourists as the world's second largest economy reopens its borders. Elsewhere, Singapore (+8.8%), Malaysia (+6.0%), the Philippines (+4.6%) and Indonesia (+3.9%) all turned in decent gains. In 2H22, Singapore adjusted its GDP forecast for 2022 downwards, while several central banks in the ASEAN region raised benchmark interest rates as inflation rates continued on an upward trajectory.

North Asia turned in losses

In North Asia, China (-12.0%) and Taiwan (-6.2%) were the biggest losers in 2H22, while Hong Kong (-1.8%) and South Korea (-1.3%) also didn't fare well. The lethal combination of COVID-19 lockdowns, depreciating Chinese yuan and property market downturn hit China stocks hard, especially in 3Q22. Losses in Chinese equities would have been worse if the world's second largest economy didn't ease its stringent zero-COVID policy towards the end of 2022.

In December, China announced its decision to lift COVID-19 quarantine requirements on international arrivals in early January, taking one of its biggest steps to ease restrictions despite near-record case numbers. That helped China stocks and other regional equities to stage a strong rebound in late 2022. Likewise, Hong Kong announced a planned border re-opening with China and a loosening of its domestic COVID-19 curbs. Elsewhere, South Korea and Taiwan, both of which raised interest rates in 2H22, continued to see declining exports numbers due to the worsening state of the global economy.

India fared well

Indian equities, which rose 8.6% in USD terms in 2H22, were among the best performers in the region, lifted by the Reserve Bank of India (RBI)'s affirmation that inflation in the populous country has peaked. Still the RBI hiked the key lending rate by 35 bps to 6.25% while lowering its GDP forecast to 6.8% for the fiscal year (2022–23). India's current account deficit widened in 3Q22, driven by high commodity prices and a weak rupee.

Market Outlook and Strategy

Inflation isn't detrimental to all Asian markets

There is an ongoing debate as to the stickiness of inflation and the economic pain the world needs to reckon with before signs of a recovery become visible. Asset markets appear preoccupied with guessing what the Fed itself is guessing—when will inflation ebb enough to hold/ease interest rates. With multiple policy inflections and valuations at depressed levels, we have been of the view that China is teeming with idiosyncratic opportunities and differentiated from the developed world. Given China is the largest driver of regional economic activities, we believe that Asia will also get a much-needed boost as a result.

Inflation, which is effectively a value transfer from net consumers to net producers, may continue to benefit India and pockets of ASEAN due to favourable demographics and rising productivity. Cheap and reliable energy is crucial for economic growth in the long run, particularly for big developing countries such as India and China, which can continue to buy cheap energy from Russia. In addition, most Asian economies have relatively young energy infrastructure that is increasingly going “green”. Accelerated infrastructure building is expected to raise productive capacity; it may also keep inflation in control if funded by fiscal deficits and foreign capital seeking higher returns than is available in developed markets.

Preferring areas that are broadly aligned with China's strategic imperatives

It is worth noting that development and reforms continue to dominate the Chinese narrative—after all, the ruling party's political legitimacy is reliant on economic development and improving the lives of its citizens. This is underscored by the recent easing of COVID-19 restrictions in response to unprecedented popular discontent. While China labour productivity has increased by 16% annually over the last 10 years, the country's wage levels today are 20 times higher than they were in 1992, making automated assembly lines more compelling than in the past. A robot is virtually at cost parity with a human worker in China now. Thus, President Xi Jinping is focused on “high quality development” and the need to bolster capability and innovation, especially in areas critical to China's national interests. For example, China aims to digitise 70% of manufacturing companies above a designated size. We prefer areas that are broadly aligned with these strategic imperatives—energy security, greater self-sufficiency, improving cost of living and domestic consumption.

President Xi also reiterated the desire for a “complete reunification of the Chinese nation”—a euphemism for China's desire to take Taiwan back under its fold. If Russia's invasion of Ukraine has taught us anything, it is to never completely discount such a possibility. Nonetheless, this is not our base case for the foreseeable future, where our concern is the demand headwinds affecting consumer technology, a mainstay of Taiwanese exports. This latter concern also extends to South Korea. The easing of Chinese COVID-related restrictions ought to benefit both countries—albeit offset to an extent by a slowdown in US demand. We find idiosyncratic opportunities in integrated circuit design, healthcare and energy infrastructure in these markets.

Favouring banks and consumption plays of India

India, the world's fifth largest economy, is likely to enjoy political stability akin to the 1950s; Prime Minister Narendra Modi is expected to win a third term just as China's President Xi recently did but for one small difference—India is the world's largest democracy. Moreover, India has surpassed every nation, including China and the US, in digital financial transactions. This is extraordinary for a country which was heavily cash-reliant until just six years ago. Nearly a quarter of India's energy is now green, with competitive renewable energy versus fossil fuel derived energy. The recently introduced Production Linked Incentive Scheme has seen active take-up and is attracting genuine investment into the country as part of global China+1 supply chain reconfigurations. We have a favourable view of banks and consumption plays in India.

Staying selective in ASEAN

The melodramatic Malaysian politics and the slightly more insipid version that is playing out in Thailand leave us wanting. Should things improve on this front, there are pockets in the technology and electric vehicle supply chain in these countries that could emerge as attractive. Singapore's political stability is certainly a welcome change compared to the developments at its northern neighbours, but the majority of its equity market's fortunes are reliant on economic developments around the region.

As such, Indonesia and, to a lesser extent, the Philippines appear in the limelight. It is worth noting that manufacturing does not exist in a vacuum; there is an entire supply chain tied to it. Reconfiguring an entire supply chain is therefore more than just building manufacturing capacity in a new location—it takes time. But once accomplished, it has a much larger impact on the economy than originally estimated. Indonesia is critical to the world electrifying transport owing to its nickel deposits. By focusing on a long-term vision, Indonesia has seen a 19-fold ramp-up in nickel exports in the past decade and has attracted battery making onshore; these projects have pulled in more than USD 25 billion in investments. Only 20% of the workforce in Indonesia is formally employed; the formalisation of its large workforce should improve economic productivity even as foreign capital seeks opportunities here.

The Philippines boasts a large, young and English-speaking population that is enjoying steadily improving access to financial services through digital means. By steadily increasing its reliance on locally developed "green" energy, the reliance on energy imports will likely decline from the current 2–3% of GDP.

Renewable energy businesses and electric vehicle materials plus the related supply chains are areas we are most enthused by in the ASEAN region.

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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) before deciding whether to invest in the Fund.

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

For Hong Kong Investors

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Nikko Asset Management Asia Limited. Registration Number 198202562H

NIKKO AM SHENTON ASIA DIVIDEND EQUITY FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial period from 01 July 2022 to 31 December 2022 (unaudited)*

	31 December 2022	31 December 2021
	S\$	S\$
Income		
Dividends	112,401	149,645
Interest on cash and bank balances	1,711	-
Other Income	2	-
	114,114	149,645
Less: Expenses		
Management fee	50,403	59,441
Management fee rebate	-	(23,153)
Registrar fee	5,717	4,307
Trustee fee	1,680	1,981
Custody fee	901	-
Audit fee	4,526	4,476
Valuation fee	5,041	5,041
Transaction costs	27,876	4,196
Other expenses	5,899	6,031
	102,043	62,320
Net income	12,071	87,325
Net gains or losses on value of investments		
Net losses on investments	(556,722)	(412,487)
Net foreign exchange losses	(8,545)	(1,632)
	(565,267)	(414,119)
Total deficit for the financial period before income tax	(553,196)	(326,794)
Less: Income tax	(10,352)	-
Total deficit for the financial period after income tax	(563,548)	(326,794)

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022 (unaudited)

	31 December 2022	30 June 2022
	S\$	S\$
ASSETS		
Portfolio of investments	6,411,449	6,716,225
Sales awaiting settlement	-	70
Receivables	9,799	52,754
Cash and cash equivalents	195,627	467,943
Total assets	6,616,875	7,236,992
LIABILITIES		
Payables	36,107	80,696
Purchases awaiting settlement	-	49,474
Distribution payable	22,273	42,231
Total liabilities	58,380	172,401
EQUITY		
Net assets attributable to unitholders	6,558,495	7,064,591

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

	31 December 2022	30 June 2022
	S\$	S\$
Net assets attributable to unitholders at the beginning of the financial period/year	7,064,591	8,110,426
Operations		
Change in net assets attributable to unitholders resulting from operations	(563,548)	(1,263,488)
Unitholders' contributions/(withdrawals)		
Creation of units	963,759	2,032,527
Cancellation of units	(687,606)	(1,376,990)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	276,153	655,537
Distributions	(218,701)	(437,884)
Total decrease in net assets attributable to unitholders	(506,096)	(1,045,835)
Net assets attributable to unitholders at the end of the financial period/year	6,558,495	7,064,591

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

STATEMENT OF PORTFOLIO
As at 31 December 2022 (unaudited)

By Geography (Primary)

	Holdings at 31 December 2022	Fair value at 31 December 2022 S\$	Percentage of total net assets attributable to unitholders at 31 December 2022 %
Quoted Equities			
CHINA			
China Lesso Group Holdings Limited	85,572	119,843	1.83
China Medical System Holdings Limited	73,271	154,616	2.36
China Merchants Bank Company Limited	16,667	125,016	1.91
China Yongda Automobiles Services Holdings Limited	78,816	78,554	1.20
CSPC Pharmaceutical Group Limited	94,000	132,454	2.02
Foshan Haitian Flavouring & Food Company Limited	7,100	109,555	1.67
Jiangsu Hengli Hydraulic Company Limited	5,500	67,328	1.03
NARI Technology Company Limited	15,860	75,016	1.14
Ping An Insurance Group Company of China Limited	9,460	83,962	1.28
Shenzhen Mindray Bio-Medical Electronics Company Limited	1,600	98,000	1.49
Tencent Holdings Limited	5,806	333,232	5.08
Zhejiang Chint Electrics Company Limited	11,300	60,676	0.92
Total CHINA		1,438,252	21.93
HONG KONG SAR			
AIA Group Limited	29,846	445,174	6.79
BOC Hong Kong Holdings Limited	22,424	102,499	1.57
China Water Affairs Group Limited	88,917	98,553	1.50
CIMC Enric Holdings Limited	64,000	86,772	1.32
Health & Happiness H&H International Holdings Limited	24,500	70,140	1.07
Hong Kong Exchanges & Clearing Limited	3,008	174,297	2.66
SITC International Holdings Company Limited	39,627	118,213	1.80
Total HONG KONG SAR		1,095,648	16.71
INDIA			
Dabur India Limited	10,193	92,786	1.41
Hindalco Industries Limited	8,937	68,610	1.05
ICICI Bank Limited	5,564	80,533	1.23
ICICI Bank Limited - SP ADR	5,684	166,876	2.54
Indusind Bank Limited	5,363	105,998	1.62
Sun Pharmaceutical Industries Limited	3,796	61,540	0.94
Tech Mahindra Limited	4,710	77,537	1.18
Total INDIA		653,880	9.97
INDONESIA			
Ace Hardware Indonesia TBK PT	1,652,943	70,634	1.08
Arwana Citramulia TBK PT	1,161,990	99,610	1.52
Bank Central Asia TBK PT	121,496	89,496	1.36
Bank Negara Indonesia Persero TBK PT	254,358	202,157	3.08
Total INDONESIA		461,897	7.04

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

STATEMENT OF PORTFOLIO
As at 31 December 2022 (unaudited)

By Geography (Primary) (continued)

	Holdings at 31 December 2022	Fair value at 31 December 2022 S\$	Percentage of total net assets attributable to unitholders at 31 December 2022 %
Quoted Equities (continued)			
MALAYSIA			
Sime Darby Berhad	97,300	68,139	1.04
Total MALAYSIA		<u>68,139</u>	<u>1.04</u>
PHILIPPINES			
Nickel Asia Corporation	1,105,971	155,447	2.37
Union Bank of The Philippines	35,340	73,231	1.12
Total PHILIPPINES		<u>228,678</u>	<u>3.49</u>
SINGAPORE			
CapitaLand Investment Limited	25,527	94,450	1.44
CSE Global Limited	196,574	66,835	1.02
DBS Group Holdings Limited	3,586	121,637	1.85
Keppel Corporation Limited	16,890	122,621	1.87
Sheng Siong Group Limited	47,728	78,751	1.20
United Overseas Bank Limited	5,300	162,710	2.48
Total SINGAPORE		<u>647,004</u>	<u>9.86</u>
SOUTH KOREA			
LG Chem Limited	164	104,369	1.59
Samsung Electronics Company Limited	165	244,535	3.73
Total SOUTH KOREA		<u>348,904</u>	<u>5.32</u>
TAIWAN			
Advantech Company Limited	5,000	72,219	1.10
Chailease Holding Company Limited	9,000	85,223	1.30
CTCI Corporation	50,000	91,310	1.39
Delta Electronics Incorporated	7,000	87,514	1.33
eMemory Technology Incorporated	1,000	58,255	0.89
Mediatek Incorporated	2,000	54,546	0.83
Nuvoton Technology Corporation	15,000	75,274	1.15
Sinbon Electronics Company Limited	12,000	144,002	2.20
Taiwan Semiconductor Manufacturing Company Limited	2,000	39,142	0.60
Taiwan Semiconductor Manufacturing Company Limited - SP ADR	2,929	292,625	4.46
Total TAIWAN		<u>1,000,110</u>	<u>15.25</u>
THAILAND			
Polyplex Thailand Public Company Limited	74,384	72,731	1.11
Total THAILAND		<u>72,731</u>	<u>1.11</u>
Total Quoted Equities		<u>6,015,243</u>	<u>91.72</u>

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

STATEMENT OF PORTFOLIO
As at 31 December 2022 (unaudited)

By Geography (Primary) (continued)

	Holdings at 31 December 2022	Fair value at 31 December 2022 S\$	Percentage of total net assets attributable to unitholders at 31 December 2022 %
Quoted Investment Funds			
SINGAPORE			
Keppel Infrastructure Trust	142,300	76,842	1.17
Total SINGAPORE		<u>76,842</u>	<u>1.17</u>
Total Quoted Investment Funds		<u>76,842</u>	<u>1.17</u>
Quoted Real Estate Investment Trusts			
HONG KONG SAR			
Link REIT	19,698	193,955	2.96
Total HONG KONG SAR		<u>193,955</u>	<u>2.96</u>
INDIA			
Embassy Office Parks REIT	23,064	125,409	1.91
Total INDIA		<u>125,409</u>	<u>1.91</u>
Total Quoted Real Estate Investment Trusts		<u>319,364</u>	<u>4.87</u>
Portfolio of investments		6,411,449	97.76
Other net assets		147,046	2.24
Net assets attributable to unitholders		<u>6,558,495</u>	<u>100.00</u>

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

STATEMENT OF PORTFOLIO
As at 31 December 2022 (unaudited)

By Geography (Summary)	Percentage of total net assets attributable to unitholders at 31 December 2022 %	Percentage of total net assets attributable to unitholders at 30 June 2022 %
Quoted Equities		
China	21.93	24.23
Hong Kong SAR	16.71	15.47
India	9.97	2.21
Indonesia	7.04	8.70
Malaysia	1.04	-
Philippines	3.49	2.89
Singapore	9.86	10.49
South Korea	5.32	5.68
Taiwan	15.25	12.48
Thailand	1.11	1.29
Total Quoted Equities	91.72	83.44
Quoted Investment Funds		
Ireland	-	6.19
Singapore	1.17	-
Total Quoted Investment Funds	1.17	6.19
Quoted Real Estate Investment Trusts		
Hong Kong SAR	2.96	2.99
India	1.91	-
Philippines	-	0.74
Singapore	-	1.71
Total Quoted Real Estate Investment Trusts	4.87	5.44
Portfolio of investments	97.76	95.07
Other net assets	2.24	4.93
Net assets attributable to unitholders	100.00	100.00

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

STATEMENT OF PORTFOLIO
As at 31 December 2022 (unaudited)

By Industry (Secondary)	Fair value at 31 December 2022 S\$	Percentage of total net assets attributable to unitholders at 31 December 2022 %	Percentage of total net assets attributable to unitholders at 30 June 2022 %
Agriculture	-	-	0.64
Banks	1,230,153	18.76	12.32
Building Materials	219,453	3.35	4.26
Chemicals	104,369	1.59	-
Computers	139,054	2.12	3.61
Cosmetics/Personal Care	92,786	1.42	-
Distribution/Wholesale	68,139	1.04	-
Diversified Financial Services	259,520	3.96	2.72
Electric	76,842	1.17	-
Electrical Component & Equipment	87,514	1.33	-
Electronics	204,678	3.12	3.40
Engineering and Construction	213,931	3.26	3.38
Environmental Control	98,553	1.50	1.48
Equity Fund	-	-	6.19
Food	109,555	1.67	1.49
Healthcare-Products	252,616	3.85	2.53
Insurance	529,136	8.07	8.98
Internet	333,232	5.08	5.17
Machinery-Diversified	142,344	2.17	1.50
Mining	224,057	3.42	2.14
Oil and Gas Services	86,772	1.32	-
Packaging & Containers	72,731	1.11	1.29
Pharmaceuticals	264,134	4.03	4.97
Private Equity	94,450	1.44	1.61
Real Estate	-	-	2.73
Real Estate Investment Trusts (REITS)	319,364	4.87	5.44
Retail	227,939	3.48	3.66
Semiconductors	764,377	11.65	11.35
Software	77,537	1.18	-
Telecommunications	-	-	0.75
Transportation	118,213	1.80	3.46
Portfolio of investments	6,411,449	97.76	95.07
Other net assets	147,046	2.24	4.93
Net assets attributable to unitholders	6,558,495	100.00	100.00

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

REPORT TO UNITHOLDERS

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

The following contains additional information relating to the Fund.

1. Distribution of investments

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

2. Credit rating of debt securities

Nil.

3. Top 10 holdings

10 Largest holdings at 31 December 2022

	Fair value S\$	Percentage of total net assets attributable to unitholders %
AIA Group Limited	445,174	6.79
Tencent Holdings Limited	333,232	5.08
Taiwan Semiconductor Manufacturing Company Limited - SP ADR	292,625	4.46
Samsung Electronics Company Limited	244,535	3.73
Bank Negara Indonesia Persero TBK PT	202,157	3.08
Link REIT	193,955	2.96
Hong Kong Exchanges & Clearing Limited	174,297	2.66
ICICI Bank Limited - SP ADR	166,876	2.54
United Overseas Bank Limited	162,710	2.48
Nickel Asia Corporation	155,447	2.37

10 Largest holdings at 31 December 2021

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Nikko AM Global Umbrella Trust - Asia High Dividend Equity Fund	7,379,206	98.10

4. Exposure to financial derivatives

Nil.

5. Global exposure to financial derivatives

Nil.

6. Collateral

Nil.

7. Securities lending or repurchase transactions

Nil.

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

REPORT TO UNITHOLDERS

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

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

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

9. Borrowings

Nil.

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

	S\$
Units created	963,759
Units cancelled	(687,606)

11. Turnover ratio

		31 December 2022	31 December 2021
Lower of total value of purchases or sales	S\$	2,113,926	159,584
Average daily net asset value	S\$	6,669,259	7,859,609
Total turnover ratio¹	%	31.70	2.03

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

12. Expense ratio

		31 December 2022	31 December 2021
<u>SGD Class</u>			
Total operating expenses	S\$	192,595	119,924
Average daily net asset value	S\$	7,066,934	7,734,341
Total expense ratio² (including Underlying Fund's expense ratio)	%	3.27	2.78
Weighted average of the Underlying Fund's unaudited expense ratio	%	0.54	1.23

² The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). This is the sum of the Fund's expense ratio and the weighted average of the Underlying Fund's unaudited expense ratio. 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 DIVIDEND EQUITY FUND

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

REPORT TO UNITHOLDERS

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

13. Related party transactions

The Manager of the Fund is Nikko Asset Management Asia Limited, a subsidiary of Nikko Asset Management International Limited. The Trustee of the Fund is BNP Paribas Trust Services Singapore Limited (the "Trustee").

Management fee is payable to the Manager. Trustee fee and registrar fee are payable to the Trustee. Custody fee and valuation fee are payable to a related company of the Trustee, BNP Paribas operating through its Singapore Branch.

In addition to related party information shown elsewhere in the financial statements (including the Statement of Portfolio), the following significant transactions took place during the financial period between the Fund and a related party at terms agreed between the parties and within the provisions of the Deeds:

	31 December 2022 S\$	30 June 2022 S\$
Bank balances held with related party of the Trustee	195,627	467,943

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.

NIKKO AM SHENTON ASIA DIVIDEND EQUITY FUND

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

REPORT TO UNITHOLDERS

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

With effect from 20 June 2022, the investment objective and policy/focus and approach of the Fund was amended such that the Fund will seek to achieve its objective by investing in a portfolio of dividend producing equity securities listed and traded on the stock exchanges in the countries represented in the MSCI AC (All Countries) Asia ex Japan Index. Prior to that, the Fund as a feeder fund invested all or substantially all of its assets into the Nikko AM Global Umbrella Trust – Asia High Dividend Equity Fund.

The details which follow make reference to the investments within the Nikko AM Global Umbrella Trust – Asia High Dividend Equity Fund, unless stated otherwise.

1. Top 10 holdings

10 Largest holdings at 31 December 2021

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Taiwan Semiconductor Manufacturing Company Limited	889,145	7.03
Tencent Holdings Limited	849,583	6.72
Samsung Electronics PRF	825,231	6.53
AIA Group Limited	572,641	4.53
Link REIT	409,533	3.24
DBS Group Holdings Limited	327,052	2.59
Nickel Asia Corp	321,341	2.54
Sinbon Electronics Co Limited	307,948	2.43
Advantech Co Limited	273,653	2.16
BOC Hong Kong Holdings Limited	273,646	2.16

2. Financial ratios

	31 December 2021 %
Expense ratio ¹	1.25
Turnover ratio	41.76

¹ The expense ratio has been computed based on the 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 average net asset value is based on the daily balances.

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12 Marina View, #18-02 Asia Square Tower 2, Singapore 018961
Intermediaries Hotline: 1800 535 8025 / 65 6535 8025
Website: www.nikkoam.com.sg

Company registration number 198202562H

ANNUAL REPORT

For the financial year ended 30 June 2022

Nikko AM Shenton Asia Dividend Equity Fund

MANAGERS

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

DIRECTORS OF THE MANAGERS

Kiyotaka Ryu
Seet Oon Hui Eleanor
Hiroki Tsujimura

TRUSTEE & REGISTRAR

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

AUDITORS

PricewaterhouseCoopers LLP
7 Straits View, Marina One,
East Tower, Level 12,
Singapore 018936

CUSTODIAN

Until 30 September 2022 (or such other date as may be determined from time to time):

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

From 1 October 2022 (or such other date as may be determined from time to time):

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

This report is also available on our website (www.nikkoam.com.sg)

PERFORMANCE SUMMARY

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Shenton Asia Dividend Equity Fund - SGD Class ¹	-7.83	-11.92	-15.55	7.59	4.84	5.63	3.70

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2022. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Shenton Asia Dividend Equity Fund - SGD Class ¹	-12.44	-16.33	-19.77	5.76	3.77	5.09	3.46

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2022. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 28 April 2000

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 Knowledge Fund") has been renamed "Nikko AM Shenton Asia Knowledge Fund". With effect from 17 December 2012, the Fund (formerly known as "Nikko AM Shenton Asia Knowledge Fund") has been renamed "Nikko AM Shenton Asia Dividend Equity Fund" and was restructured into an Asian High Dividend Yield fund.
- (2) With effect from 1 June 2017, the benchmark for the Fund has been removed and there is now no benchmark for the Fund. This is because pursuant to the investment objective of the Fund, the Fund is managed on a total return basis and as such, it does not seek to outperform any benchmark. With effect from 17 December 2012 in order to align the Fund's benchmark with that of its Underlying Fund, the benchmark of the Fund was changed from MSCI AC Far East Free ex Japan Index to MSCI AC Asia ex Japan Index (Net Total Return).

Portfolio Review

The Fund returned -15.55% over the 12-month period ended 30 June 2022

The Nikko AM Shenton Asia Dividend Equity Fund (the "Fund") declined by 15.11% (in SGD terms, on a NAV-NAV basis) over the 12-month period ended 30 June 2022. At the country level, holdings in China and South Korea were the key detractors from absolute performance, while exposure to India and Indonesia contributed to returns. At the sector level, holdings in information technology and healthcare were among the biggest detractors from performance, whereas holdings in energy and industrials contributed the most to absolute performance.

Market Review

Asian markets fell over the review period

Asian equities, as measured by the MSCI AC Asia ex Japan Index (Net Total Return) returned -25.0% in US dollar (USD) terms over the 12-month period ended 30 June 2022. Within the region, the stock markets of Indonesia, India and Malaysia were the best performers (as measured by the MSCI indices in USD terms) over the period, while those of China, Korea and Singapore lagged.

For most of the second half of 2021 (2H21), markets were driven by concerns that the spread of the Delta and Omicron variants of COVID-19 would derail global reopening plans and delay economic recoveries. Towards the end of the year, the US Federal Reserve (Fed) said it would end bond-buying in March and signalled interest rate hikes in 2022 to tackle persistent inflation.

Asian stocks edged lower in the first half of 2022 (1H22). Escalating Russia-Ukraine tensions culminated in a full invasion by Russia, resulting in sanctions imposed on Russia by global leaders. Lingering concerns over inflation also weighed, with the Fed and several Asian economies raising interest rates to curb inflation and maintain price stability. However, as inflation continued to increase despite rate hikes, fears of a recession rippled through various economies.

North Asia turned in losses

China (-31.8% in USD terms), Hong Kong (-15.2%), Taiwan (-20.4%) and Korea (-38.5%) all turned in losses. Korea and China were also the biggest losers for the period in the broader Asia region.

Growing fears over Chinese government regulations in the education, property, and technology (tech) sectors dampened sentiment, and news of real estate developer China Evergrande Group's inability to finance its obligations subsequently roiled global markets. The Chinese economy also took a hit from COVID-19 lockdowns, resulting in weakened demand and disrupted supply chains and factory production. Despite its relentless pursuit to shore up the economy via easing policy measures, China was still the second worst performer for the 12-month period ended 30 June 2022. In Hong Kong, casino and gaming stocks weakened after Macau's surprise proposal for stricter controls on capital outflows and concern on Hong Kong developers being asked to perform national service. The Hong Kong Monetary Authority echoed the moves of the Fed and raised its interest rate. Market sentiment was also affected as most businesses in Macau closed due to a COVID-19 outbreak, even as parts of the world reopened.

On top of inflationary concerns, South Korea and Taiwan battled a resurgence in COVID-19 cases and faced a drop in demand, sales and orders of chips, notebooks and smartphones. The central banks of both countries also raised interest rates to tame inflation, which affected market sentiment and resulted in a weakened stock market.

The ASEAN region saw mixed returns

Within the ASEAN region, Indonesia outperformed with a gain of 16.1% over the period of review. Not only did its central bank resist hiking rates to combat inflation, parliament also approved a USD 190 billion state budget and stimulus measures to boost loan growth and consumption. S&P Global Ratings revised its outlook for Indonesia's credit ratings upwards to "stable" due to its economic recovery from the pandemic and better terms of trade.

Malaysia (-9.3%), Thailand (-7.5%), the Philippines (-17.8%) and Singapore (-21.0%) fared less positively than Indonesia, with skyrocketing inflation being a key theme in these countries, resulting in Malaysia and the Philippines opting to hike policy rates. Singapore's move of tightening its monetary policy several times, together with a waning economic momentum, did little to lift market sentiment. In Thailand,

officials revised its 2022 economic growth forecast downward and its central bank also advised against delaying rate hikes.

India outperformed the broader regional index

India fell by 4.8% in USD terms and was among the best performers in the region. As the country appeared to emerge from its severe second wave of COVID-19, its economic activity picked up alongside a gradual easing of COVID-related restrictions, with the market recovering in December owing to strong manufacturing activity. The cabinet approved incentives worth 760 billion rupees over six years towards semiconductor manufacturing, in a bid to position the nation as a global hub for electronics. However, in 2022, India was affected by ascending oil prices and a widening current account and merchandise trade deficits.

Market Outlook and Strategy

Valuations in Asia corrected to attractive levels

While the global backdrop remains challenging, we may be starting to see some incremental positives in some areas of the market. The Fed's ultra-hawkish tone is starting to be reflected in asset markets given deepening corrections in US equities, crypto currencies, and private markets. What's more, key inflationary pressure points in supply chains and upstream materials prices are easing. In Asia the inflationary pressures have not been as intense and the largest economy in the region and an increasingly important driver for the region's growth, namely China, is cautiously stimulating. Enthusiasm still warrants tempering given the ardent adherence to its dynamic zero-COVID policies but at the margin, Asia has more policy support than developed markets at present. Valuations too have corrected to much more attractive levels in Asia.

Picking up of policy support in China and normalisation is underway

Notwithstanding one of the toughest quarters China's economy has had to endure in the COVID-19 era, policy support has picked up, companies are re-opening operations and some normalisation is underway. However, what keeps us from becoming more bullish is the absence of a clear exit plan from its zero-COVID approach — without which the risk of more limited mobility remains elevated. The move to reduce quarantine periods, to our mind, is the first instance of any form of COVID-19 policy easing and is likely aimed at improving confidence rather than having larger economic implications. Nevertheless, with cheap valuations and the government's easing endeavour in mind, we have been increasing exposure to select areas within China, including healthcare, software and companies well placed to take part in future opportunities in renewable and energy security.

Opportunities to arise in South Korea and Taiwan

Elsewhere in North Asia we find the two more export and technology sector dependent economies of South Korea and Taiwan under increasing pressure as demand in developed markets, particularly as the consumer side weakens. While we are constructive on the longer-term trend of increased digitisation of all aspects of life, the shorter-term outlook for the tech sector is likely to remain more suppressed with inventories set to rise, despite supply chain and material input price pressures receding. To that end, we are selectively invested in stocks with improving or more resilient fundamentals. June was the first month we witnessed broad selling pressure in these markets, and we expect further opportunities to arise.

Foreign investments in ASEAN and improved trade balance on commodity exporters

Parts of ASEAN remain in a relatively healthier position. Commodity exporters such as Indonesia and Malaysia continue to enjoy a significantly improved trade balance on the back of higher commodity and agriculture product prices. The region also continues to see meaningful foreign investments in its manufacturing sector as part of global supply chain diversification. Re-opening has kept consumer confidence more elevated in parts. Within the portfolio, we remain invested in renewable energy companies, miners geared towards transport electrification and energy storage, and digitisation/financial inclusion beneficiaries.

Actively monitoring India for opportunities

India remains one of the best long term structural opportunities in the Asia region. In the short term, however, persistently higher energy prices, a tightening of domestic and overseas monetary and liquidity positions will likely continue to dampen the still buoyant mood of domestic investors which pushed valuations across some parts to very rich levels. We have been cognoscente of this dynamic for some time and allocations remain more limited here than in the past. We have, however, noted that drawdowns in several areas of the local market are well underway and foreign allocations reduced significantly over the last 12 months. We are actively monitoring a number of exciting new ideas in the country but for the time being we retain our positions across larger capitalisation companies who will continue to gain market share and retain pricing power even under more challenging economic conditions.

This document is purely for informational purposes only with no consideration given to the specific investment objective, financial situation and particular needs of any specific person. It should not be relied upon as financial advice. Any securities mentioned herein are for illustration purposes only and should not be construed as a recommendation for investment. **You should seek advice from a financial adviser before making any investment. In the event that you choose not to do so, you should consider whether the investment selected is suitable for you.** Investments in funds are not deposits in, obligations of, or guaranteed or insured by Nikko Asset Management Asia Limited (“Nikko AM Asia”).

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

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For Hong Kong Investors

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

Nikko Asset Management Asia Limited. Registration Number 198202562H

NIKKO AM SHENTON ASIA DIVIDEND EQUITY FUND

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

REPORT OF THE TRUSTEE

For the financial year ended 30 June 2022

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

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 12 to 33, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

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

Authorised signatory
28 September 2022

NIKKO AM SHENTON ASIA DIVIDEND EQUITY FUND

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

STATEMENT BY THE MANAGER

For the financial year ended 30 June 2022

In the opinion of Nikko Asset Management Asia Limited, the accompanying financial statements set out on pages 12 to 33, 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 Dividend Equity Fund (the "Fund") as at 30 June 2022, and the financial performance and movements in unitholders' funds for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager
Nikko Asset Management Asia Limited

Authorised signatory
28 September 2022

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

Our Opinion

In our opinion, the accompanying financial statements of Nikko AM Shenton Asia Dividend Equity Fund (the "Fund"), are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants, so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 30 June 2022, 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 2022;
- the Statement of Financial Position as at 30 June 2022;
- the Statement of Movements of Unitholders' Funds for the financial year ended 30 June 2022;
- the Statement of Portfolio as at 30 June 2022; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Fund in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

The Fund's Manager (the "Manager") is responsible for the other information. The other information comprises all sections of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of the Manager for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 28 September 2022

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

STATEMENT OF TOTAL RETURN
For the financial year ended 30 June 2022

	Note	2022 S\$	2021 S\$
Income			
Dividends		304,882	283,448
Interest on cash and cash equivalents		94	-
		304,976	283,448
Less: Expenses			
Management fee		115,039	102,514
Management fee rebate		(43,050)	(39,680)
Registrar fee		8,693	8,417
Trustee fee		3,835	3,417
Custody fee		55	-
Audit fee		8,096	8,076
Valuation fee		10,000	10,000
Transaction costs		9,910	6,377
Other expenses		73,884	16,753
		186,462	115,874
Net income		118,514	167,574
Net gains or losses on value of investments			
Net (losses)/gains on investments		(1,379,888)	2,175,769
Net foreign exchange losses		(1,991)	(304)
		(1,381,879)	2,175,465
Total (deficit)/return for the financial year before income tax		(1,263,365)	2,343,039
Less: Income tax	3	(123)	-
Total (deficit)/return for the financial year after income tax		(1,263,488)	2,343,039

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	2022 S\$	2021 S\$
ASSETS			
Portfolio of investments		6,716,225	7,953,580
Sales awaiting settlement		70	-
Receivables	4	52,754	72,962
Cash and cash equivalents		467,943	259,795
Total assets		7,236,992	8,286,337
LIABILITIES			
Payables	5	80,696	148,625
Purchases awaiting settlement		49,474	-
Distribution payable	7	42,231	27,286
Total liabilities		172,401	175,911
EQUITY			
Net assets attributable to unitholders	6	7,064,591	8,110,426

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the financial year ended 30 June 2022

	Note	2022 S\$	2021 S\$
Net assets attributable to unitholders at the beginning of the financial year		8,110,426	5,454,710
Operations			
Change in net assets attributable to unitholders resulting from operations		(1,263,488)	2,343,039
Unitholders' contributions/(withdrawals)			
Creation of units		2,032,527	3,272,506
Cancellation of units		(1,376,990)	(2,686,000)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		655,537	586,506
Distributions	7	(437,884)	(273,829)
Total (decrease)/increase in net assets attributable to unitholders		(1,045,835)	2,655,716
Net assets attributable to unitholders at the end of the financial year	6	7,064,591	8,110,426

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

STATEMENT OF PORTFOLIO

As at 30 June 2022

By Geography (Primary)

	Holdings at 30 June 2022	Fair value at 30 June 2022 S\$	Percentage of total net assets attributable to unitholders at 30 June 2022 %
Quoted Equities			
CHINA			
China Lesso Group Holdings Limited	62,572	131,394	1.86
China Medical System Holdings Limited	82,271	178,596	2.53
China Merchants Bank Company Limited	15,167	141,222	2.00
China Yongda Automobiles Services Holdings Limited	57,316	75,426	1.07
COSCO Shipping Energy Transportation Company Limited	148,807	131,958	1.87
Foshan Haitian Flavouring & Food Company Limited	5,600	105,042	1.49
Longfor Group Holdings Limited	29,304	192,557	2.73
Nari Technology Company Limited	18,960	106,267	1.49
Ping An Insurance Group Company of China Limited	11,960	113,164	1.60
Tencent Holdings Limited	5,806	364,934	5.17
Yunnan Baiyao Group Company Limited	5,900	73,963	1.04
Zhejiang Chint Electrics Company Limited	13,100	97,299	1.38
Total CHINA		1,711,822	24.23
HONG KONG SAR			
AIA Group Limited	28,046	423,047	5.99
BOC Hong Kong Holdings Limited	17,924	98,546	1.40
China Water Affairs Group Limited	80,917	104,763	1.48
Hong Kong Exchanges & Clearing Limited	2,808	192,233	2.72
Sino Biopharmaceutical Limited	183,080	161,377	2.28
SITC International Holdings Company Limited	28,627	112,713	1.60
Total Hong Kong SAR		1,092,679	15.47
INDIA			
ICICI Bank Limited	6,329	156,255	2.21
Total INDIA		156,255	2.21
INDONESIA			
Ace Hardware Indonesia TBK PT	1,383,343	99,507	1.41
Arwana Citramulia TBK PT	1,064,990	99,489	1.41
Bank Central Asia TBK PT	190,196	128,816	1.83
Bank Negara Indonesia Persero TBK PT	232,458	170,469	2.41
Industri Jamu Dan Farmasi Sido Muncul TBK PT	1,240,918	115,924	1.64
Total INDONESIA		614,205	8.70
PHILIPPINES			
Globe Telecom Incorporated	923	52,984	0.75
Nickel Asia Corporation	949,771	151,447	2.14
Total PHILIPPINES		204,431	2.89

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF PORTFOLIO

As at 30 June 2022

By Geography (Primary) (continued)

	Holdings at 30 June 2022	Fair value at 30 June 2022 S\$	Percentage of total net assets attributable to unitholders at 30 June 2022 %
Quoted Equities (continued)			
SINGAPORE			
CapitaLand Investment Limited	29,827	113,939	1.61
CSE Global Limited	269,479	125,308	1.77
DBS Group Holdings Limited	5,886	174,696	2.47
First Resources Limited	27,891	45,462	0.65
Great Eastern Holdings Limited	5,009	98,176	1.39
Keppel Corporation Limited	15,390	99,881	1.41
Sheng Siong Group Limited	55,028	83,643	1.19
Total SINGAPORE		741,105	10.49
SOUTH KOREA			
Samsung Electronics Company Limited	218	330,999	4.69
Ssangyong C&E Company Limited	9,513	70,356	0.99
Total SOUTH KOREA		401,355	5.68
TAIWAN			
Advantech Company Limited	8,000	129,558	1.83
CTCI Corporation	66,000	138,704	1.96
eMemory Technology Incorporated	1,000	48,444	0.69
Sinbon Electronics Company Limited	12,000	142,664	2.02
Taiwan Semiconductor Manufacturing Company Limited	3,000	66,839	0.95
Taiwan Semiconductor Manufacturing Company Limited - SP ADR	3,120	355,314	5.03
Total TAIWAN		881,523	12.48
THAILAND			
Polyplex Thailand Public Company Limited	102,184	90,904	1.29
Total THAILAND		90,904	1.29
Total Quoted Equities		5,894,279	83.44
Quoted Investment Funds			
IRELAND			
iShares MSCI China A UCITS ETF	18,627	146,142	2.07
iShares MSCI India UCITS ETF	31,923	291,398	4.12
Total IRELAND		437,540	6.19
Total Quoted Investment Funds		437,540	6.19

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF PORTFOLIO

As at 30 June 2022

By Geography (Primary) (continued)

	Holdings at 30 June 2022	Fair value at 30 June 2022 S\$	Percentage of total net assets attributable to unitholders at 30 June 2022 %
Quoted Real Estate Investment Trusts			
HONG KONG SAR			
Link REIT	18,598	211,101	2.99
Total HONG KONG SAR		211,101	2.99
PHILIPPINES			
Citicore Energy REIT Corporation	860,187	52,470	0.74
Total PHILIPPINES		52,470	0.74
SINGAPORE			
Digital Core REIT Management Pte Limited	43,416	46,525	0.66
Frasers Logistics & Commercial Trust	55,872	74,310	1.05
Total SINGAPORE		120,835	1.71
Total Quoted Real Estate Investment Trusts		384,406	5.44
Portfolio of investments		6,716,225	95.07
Other net assets		348,366	4.93
Net assets attributable to unitholders		7,064,591	100.00

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF PORTFOLIO

As at 30 June 2022

By Geography (Summary)	Percentage of total net assets attributable to unitholders at 30 June 2022 %	Percentage of total net assets attributable to unitholders at 30 June 2021 %
Quoted Equities		
China	24.23	-
Hong Kong SAR	15.47	-
India	2.21	-
Indonesia	8.70	-
Philippines	2.89	-
Singapore	10.49	-
South Korea	5.68	-
Taiwan	12.48	-
Thailand	1.29	-
Total Quoted Equities	83.44	-
Quoted Investment Funds		
Ireland	6.19	-
Luxembourg	-	98.07
Total Quoted Investment Funds	6.19	98.07
Quoted Real Estate Investment Trusts		
Hong Kong SAR	2.99	-
Philippines	0.74	-
Singapore	1.71	-
Total Quoted Real Estate Investment Trusts	5.44	-
Portfolio of investments	95.07	98.07
Other net assets	4.93	1.93
Net assets attributable to unitholders	100.00	100.00

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF PORTFOLIO

As at 30 June 2022

By Industry (Secondary)	Fair value at 30 June 2022 S\$	Percentage of total net assets attributable to unitholders at 30 June 2022 %	Percentage of total net assets attributable to unitholders at 30 June 2021 %
Agriculture	45,462	0.64	-
Banks	870,004	12.32	-
Building Materials	301,239	4.26	-
Computers	254,866	3.61	-
Diversified Financial Services	192,233	2.72	-
Electronics	239,963	3.40	-
Engineering and Construction	238,585	3.38	-
Environmental Control	104,763	1.48	-
Equity Fund	437,540	6.19	98.07
Food	105,042	1.49	-
Healthcare-Products	178,596	2.53	-
Insurance	634,387	8.98	-
Internet	364,934	5.17	-
Machinery-Diversified	106,267	1.50	-
Mining	151,447	2.14	-
Packaging & Containers	90,904	1.29	-
Pharmaceuticals	351,264	4.97	-
Private Equity	113,939	1.61	-
Real Estate	192,557	2.73	-
Real Estate Investment Trusts (REITS)	384,406	5.44	-
Retail	258,576	3.66	-
Semiconductors	801,596	11.35	-
Telecommunications	52,984	0.75	-
Transportation	244,671	3.46	-
Portfolio of investments	6,716,225	95.07	98.07
Other net assets	348,366	4.93	1.93
Net assets attributable to unitholders	7,064,591	100.00	100.00

The accompanying notes form an integral part of these financial statements

NIKKO AM SHENTON ASIA DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

1. General

Nikko AM Shenton Asia Dividend Equity 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 four separate and distinct sub-funds, namely Nikko AM Shenton Asia Dividend Equity Fund, Nikko AM Shenton Global Property Securities Fund, Nikko AM Shenton Asia Bond Fund, and MyHome Income. Only the financial statements of Nikko AM Shenton Asia Dividend Equity Fund are presented in this report.

Pursuant to the notice dated 16 February 2022, there was a change of the investment objective and policy/focus and approach of the Fund to reshape the Fund from a feeder fund to a direct-investing fund with effect from 20 June 2022.

There are currently three classes of units established within the Fund, namely SGD Class, USD Class and RMB Class.

The classes differ in terms of their class currency and the minimum subscription amounts applicable.

As of 30 June 2022 and 2021, only units in the SGD Class have been issued.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below:

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets held at fair value through profit or loss, and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Significant accounting policies (continued)

(b) Recognition of income

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

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

(c) Distributions

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

(d) Investments

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

(i) *Initial recognition*

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

(ii) *Subsequent measurement*

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

(iii) *Derecognition*

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

(e) Basis of valuation of investments

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The quoted market price used for equities securities held by the Fund is the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value. The fair value of investments held in the underlying fund is the quoted net asset value of the underlying fund as determined by the underlying fund's administrator.

NIKKO AM SHENTON ASIA DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Significant accounting policies (continued)

(f) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

(g) Sales and purchases awaiting settlement

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

(h) Payables

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

(i) Cash and cash equivalents

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

(j) Foreign currency translation

(i) *Functional and presentation currency*

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

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

(ii) *Transactions and balances*

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

NIKKO AM SHENTON ASIA DIVIDEND EQUITY FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

2. Significant accounting policies (continued)

(k) Structured entities

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

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

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

3. Income tax

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

Under the DUT Scheme, subject to certain conditions and reporting obligations being met, certain income of the DUT fund is not taxable in accordance to Sections 35(12) and 35(12A) of the Income Tax Act. Such income includes:

- (a) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (b) interest (other than interest for which tax has been deducted under section 45 of the Income Tax Act);
- (c) dividends derived from outside Singapore and received in Singapore;
- (d) gains or profits derived from foreign exchange transactions, transactions in futures contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities or financial index;
- (e) discount prepayment fees, redemption premium and break cost from qualifying debt securities issued during the prescribed period; and
- (f) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

3. Income tax (continued)

Income tax for the financial year ended 30 June 2022 and 2021 comprises:

	2022	2021
	S\$	S\$
Overseas income tax	123	-

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

4. Receivables

	2022	2021
	S\$	S\$
Receivable from unitholders for creation of units	52,292	72,962
Dividends receivable	462	-
	52,754	72,962

5. Payables

	2022	2021
	S\$	S\$
Payable to unitholders for cancellation of units	256	109,784
Amount due to the Manager	20,122	20,107
Amount due to the Trustee	970	1,051
Valuation fee payable	2,669	2,667
Registrar fee payable	1,200	1,200
Provision for audit fee	7,811	7,810
Custody fee payable	58	-
Other payables	47,610	6,006
	80,696	148,625

Amount due to the Manager comprises management fee payable to Nikko Asset Management Asia Limited. Trustee fee and registrar fee are payable to BNP Paribas Trust Services Singapore Limited. Valuation fee and custody fee are payable to BNP Paribas Securities Services operating through its Singapore Branch.

NIKKO AM SHENTON ASIA DIVIDEND EQUITY FUND
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

6. Units in issue

During the year ended 30 June 2022 and 2021, the number of units issued, redeemed and outstanding were as follows:

<u>SGD Class</u>	2022	2021
Units at beginning of the financial year	4,547,617	4,218,337
Units created	1,252,052	2,026,948
Units cancelled	(831,281)	(1,697,668)
Units at end of the financial year	4,968,388	4,547,617
Net assets attributable to unitholders - S\$	7,064,591	8,110,426
Net asset value per unit - S\$	1.422	1.783

A reconciliation of the net asset value as reported in the Statement of Financial Position to the net asset value as determined for the purpose of processing unit subscription and redemption is provided below:

<u>SGD Class</u>	2022	2021
	S\$	S\$
Net assets attributable to unitholders per financial statements per unit	1.422	1.783
Effects of distribution per unit	0.008	0.006
Net assets attributable to unitholders for issuing/redeeming per unit	1.430	1.789

7. Distributions

	2022	2021
	S\$	S\$
June final distribution of S\$0.85 (SGD Class) per 100 units in respect of the financial year ended 30 June 2022	42,231	-
May interim distribution of S\$0.85 (SGD Class) per 100 units in respect of the financial year ended 30 June 2022	41,518	-
April interim distribution of S\$0.90 (SGD Class) per 100 units in respect of the financial year ended 30 June 2022	43,441	-
March interim distribution of S\$0.86 (SGD Class) per 100 units in respect of the financial year ended 30 June 2022	41,624	-
February interim distribution of S\$0.98 (SGD Class) per 100 units in respect of the financial year ended 30 June 2022	46,539	-
January interim distribution of S\$1.01 (SGD Class) per 100 units in respect of the financial year ended 30 June 2022	46,415	-
December final distribution of S\$0.97 (SGD Class) per 100 units in respect of the financial year ended 30 June 2022	43,656	-
November interim distribution of S\$0.57 (SGD Class) per 100 units in respect of the financial year ended 30 June 2022	25,900	-
October interim distribution of S\$0.57 (SGD Class) per 100 units in respect of the financial year ended 30 June 2022	25,657	-

NIKKO AM SHENTON ASIA DIVIDEND EQUITY FUND
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

7. Distributions (continued)

	2022	2021
	S\$	S\$
September interim distribution of S\$0.58 (SGD Class) per 100 units in respect of the financial year ended 30 June 2022	26,102	-
August interim distribution of S\$0.59 (SGD Class) per 100 units in respect of the financial year ended 30 June 2022	26,958	-
July interim distribution of S\$0.61 (SGD Class) per 100 units in respect of the financial year ended 30 June 2022	27,843	-
June final distribution of S\$0.60 (SGD Class) per 100 units in respect of the financial year ended 30 June 2021	-	27,286
May interim distribution of S\$0.58 (SGD Class) per 100 units in respect of the financial year ended 30 June 2021	-	26,261
April interim distribution of S\$0.58 (SGD Class) per 100 units in respect of the financial year ended 30 June 2021	-	25,501
March interim distribution of S\$0.58 (SGD Class) per 100 units in respect of the financial year ended 30 June 2021	-	25,246
February interim distribution of S\$0.59 (SGD Class) per 100 units in respect of the financial year ended 30 June 2021	-	24,961
January interim distribution of S\$0.58 (SGD Class) per 100 units in respect of the financial year ended 30 June 2021	-	24,174
December final distribution of S\$0.51 (SGD Class) per 100 units in respect of the financial year ended 30 June 2021	-	21,078
November interim distribution of S\$0.50 (SGD Class) per 100 units in respect of the financial year ended 30 June 2021	-	21,054
October interim distribution of S\$0.48 (SGD Class) per 100 units in respect of the financial year ended 30 June 2021	-	19,713
September interim distribution of S\$0.48 (SGD Class) per 100 units in respect of the financial year ended 30 June 2021	-	19,934
August interim distribution of S\$0.48 (SGD Class) per 100 units in respect of the financial year ended 30 June 2021	-	19,855
July interim distribution of S\$0.45 (SGD Class) per 100 units in respect of the financial year ended 30 June 2021	-	18,766
	437,884	273,829

NIKKO AM SHENTON ASIA DIVIDEND EQUITY FUND

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

8. Financial risk management

The Fund's activities expose it to a variety of risk, including but not limited to market risk (including price risk, interest rate risk and currency risk), liquidity risk and credit risk. The Manager is responsible for the implementation of the overall risk management programme, which seeks to minimise potential adverse effects on the Fund's financial performance. Specific guidelines on exposures to individual securities and certain industries and/or countries are in place as part of the overall financial risk management to reduce the Fund's exposures to these risks.

The Fund's primary objective is to achieve medium to long term capital appreciation by investing primarily in equities listed in Asia ex Japan that offer attractive and sustainable dividend payments.

With effect from 20 June 2022, the Fund will achieve this investment objective by constructing a portfolio of dividend producing equity securities listed and traded on the stock exchanges in the countries represented in the MSCI AC (All Countries) Asia ex Japan Index. The Fund will invest at least 90% of its total net assets in equity securities which may include common stocks, preferred shares, convertible securities, warrants, depository receipts, exchange-traded funds and closed-ended real estate investment trusts. Prior to that, the Fund as a feeder fund invested all or substantially all of its assets into the Nikko AM Global Umbrella Trust – Asia High Dividend Equity Fund, a sub-fund of Nikko AM Global Umbrella Trust (the "Underlying Fund").

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

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

(a) Market risk - Price risk

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

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

As the Fund invests primarily in equities listed in Asia ex Japan, the Manager is of the view that the price risk of the Fund is best reflected by movements in the MSCI AC (All Countries) Asia ex Japan Index (the "Index").

As at 30 June 2022, an increase/decrease of the index component within the Index by 17% (2021: 18%), with all other variables remaining constant, the net assets attributable to unitholders for the year would increase/decrease by approximately 16% (2021: 17%). The analysis was based on the assumptions that the index components within the Index increased/decreased by a reasonable possible shift, with all other variables held constant and that the fair value of Fund's investments moved according to the beta. Reasonable possible changes in market index percentage are revised annually depending on the Manager's current view on market volatility and other relevant factors.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

8. Financial risk management (continued)

(b) Market risk - Interest rate risk

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

Investment funds that invest in equity securities may be subject to interest rate risk as any interest rate change may affect the equity risk premium though at varying degrees. To manage this risk, the Manager analyses how interest rate changes may affect different industries and securities and then seeks to adjust the Fund's portfolio investments accordingly.

However, the effects of changes in interest rates on the Fund's portfolio may not be quantified as the relationship between the interest rates and the value of equity securities is indirect. Hence, no sensitivity analysis has been presented separately.

(c) Market risk - Currency risk

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

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

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

As at 30 June 2022	SGD S\$	HKD S\$	USD S\$	IDR S\$	TWD S\$	Others S\$	Total S\$
Assets							
Portfolio of investments	815,415	2,633,031	1,326,633	614,205	526,209	800,732	6,716,225
Sales awaiting settlement	-	-	-	-	70	-	70
Receivables	52,292	-	-	-	462	-	52,754
Cash and cash equivalents	255,389	-	53,213	-	159,341	-	467,943
Total assets	1,123,096	2,633,031	1,379,846	614,205	686,082	800,732	7,236,992
Liabilities							
Payables	80,696	-	-	-	-	-	80,696
Purchases awaiting settlement	7,331	-	-	16,932	18,457	6,754	49,474
Distributions payable	42,231	-	-	-	-	-	42,231
Total liabilities	130,258	-	-	16,932	18,457	6,754	172,401
Net currency exposure	992,838	2,633,031	1,379,846	597,273	667,625	793,978	

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

8. Financial risk management (continued)

(c) Market risk - Currency risk (continued)

As at 30 June 2021	SGD S\$	USD S\$	Total S\$
Assets			
Portfolio of investments	-	7,953,580	7,953,580
Receivables	72,962	-	72,962
Cash and cash equivalents	259,234	561	259,795
Total assets	332,196	7,954,141	8,286,337
Liabilities			
Payables	148,625	-	148,625
Distributions payable	27,286	-	27,286
Total liabilities	175,911	-	175,911
Net currency exposure	156,285	7,954,141	

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 equities, listed investment funds and real estate investment funds, as part of the price risk sensitivity analysis.

As of 30 June 2022 and 2021, the Fund does not hold substantial monetary assets/liabilities denominated in foreign currencies. Changes in foreign exchange rates on monetary assets/liabilities will not result in a significant change in the net asset value of the Fund. Hence, no separate sensitivity analysis on foreign currency risk has been presented.

(d) Liquidity risk

Liquidity risk is the risk of loss arising from the inability of the Fund to meet its obligations as and when they fall due without incurring unacceptable cost or losses.

The Fund is exposed to daily cash redemptions from unitholders. However, in accordance with the Fund's prospectus, minimum holdings and redemption size are set.

To manage the liquidity risk, a cash buffer is maintained in the Fund and monitored for minimum cash balances to prevent any extensive disposition of assets which may occur at lower prices and overdraft situations to meet trade settlements and obligations.

The Fund's securities are considered readily realisable, as the majority of the securities are listed on recognised stock exchanges.

The Fund's financial liabilities are analysed using contractual undiscounted cash flows for maturity groupings based on the remaining year at the Statement of Financial Position date to the contractual maturity date. As at 30 June 2022 and 2021, all liabilities are either payable upon demand or due in less than 3 months. The impact of discounting is not significant.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

8. Financial risk management (continued)

(d) **Liquidity risk (continued)**

	<u>Less than 3 months</u>	
	As at 30 June 2022 S\$	As at 30 June 2021 S\$
Payables	80,696	148,625
Purchases awaiting settlement	49,474	-
Distributions payable	42,231	27,286
Contractual cash outflows	172,401	175,911

(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 2022 and 2021, the Fund's financial assets held at amortised cost as disclosed in the Statement of Financial Position are realisable 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.

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 2022 and 2021.

	Credit rating as at 30 June 2022	Credit rating as at 30 June 2021	Source of credit rating
Bank and custodian			
- BNP Paribas Securities Services, operating through its Singapore Branch	A+	A+	Standard & Poor's

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

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For the financial year ended 30 June 2022

8. Financial risk management (continued)

(e) Credit risk (continued)

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

(f) Capital management

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

(g) Fair value estimation

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 30 June 2022 and 2021:

As at 30 June 2022	Level 1	Level 2	Level 3	Total
	S\$	S\$	S\$	S\$
Assets				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted equities	5,894,279	-	-	5,894,279
- Quoted investment fund	437,540	-	-	437,540
- Quoted real estate investment trusts	384,406	-	-	384,406
	6,716,225	-	-	6,716,225
As at 30 June 2021				
	Level 1	Level 2	Level 3	Total
	S\$	S\$	S\$	S\$
Assets				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted investment fund	7,953,580	-	-	7,953,580

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

8. Financial risk management (continued)

(g) Fair value estimation (continued)

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

Except for cash and cash equivalents which are classified as Level 1, the Fund's assets and liabilities not measured at fair value at 30 June 2022 and 2021 have been classified as Level 2. The carrying amounts of these assets and liabilities approximate their fair values as at the Statement of Financial Position date.

(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 portfolio manager who is compensated by the respective Underlying Fund for their services. Such compensation generally consists of an asset based fee and is reflected in the valuation of the Fund's investments in each of the Underlying Fund.

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

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

The Fund's 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.

The Fund has disposed all of its units in the Underlying Fund on 17 June 2022.

9. 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:

	2022	2021
	S\$	S\$
Bank balances held with related party of the Trustee	467,943	259,795

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

10. Financial ratios

Expense ratio

		2022	2021
<u>SGD Class</u>			
Total operating expenses	S\$	176,552	109,497
Average daily net asset value	S\$	7,673,123	6,839,355
Total expense ratio¹ (including the Underlying Fund's expense ratio)	%	3.44	2.87
Weighted average of the Underlying Fund's unaudited expense ratio	%	1.14	<u>1.27</u>

Turnover ratio

		2022	2021
Lower of total value of purchases or sales	S\$	7,890,768	212,034
Average daily net asset value	S\$	7,673,123	6,839,355
Total turnover ratio²	%	102.84	<u>3.10</u>

¹ The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). This is the sum of the Fund's expense ratio and the weighted average of the Underlying Fund's unaudited expense ratio. The calculation of the expense ratio at financial year end was based on total operating expenses divided by the average net asset value for the year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

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

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REPORT TO UNITHOLDERS

For the financial year ended 30 June 2022

The following contains additional information relating to the Fund.

1. Distribution of investments

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

2. Credit rating of debt securities

Nil.

3. Top 10 holdings

10 largest holdings at 30 June 2022

	Fair value S\$	Percentage of total net assets attributable to unitholders %
AIA Group Limited	423,047	5.99
Tencent Holdings Limited	364,934	5.17
Taiwan Semiconductor Manufacturing Company Limited - SP ADR	355,314	5.03
Samsung Electronics Company Limited	330,999	4.69
iShares MSCI India Ucits ETF	291,398	4.12
Link REIT	211,101	2.99
Longfor Group Holdings Limited	192,557	2.73
Hong Kong Exchanges & Clearing Limited	192,233	2.72
China Medical System Holdings Limited	178,596	2.53
DBS Group Holdings Limited	174,696	2.47

10 largest holdings at 30 June 2021

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Nikko AM Global Umbrella Trust - Asia High Dividend Equity Fund	7,953,580	98.07

4. Exposure to financial derivatives

Nil.

5. Global exposure to financial derivatives

Nil.

6. Collateral

Nil.

7. Securities lending or repurchase transactions

Nil.

NIKKO AM SHENTON ASIA DIVIDEND EQUITY FUND
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REPORT TO UNITHOLDERS
For the financial year ended 30 June 2022

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

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

9. Borrowings

Nil.

10. Amount of units created and cancelled for the financial year ended 30 June 2022

	S\$
Units created	2,032,527
Units cancelled	(1,376,990)

11. Turnover ratio

Please refer to Note 10 of the Notes to the Financial Statements on page 33.

12. Expense ratio

Please refer to Note 10 of the Notes to the Financial Statements on page 33.

13. Related party transactions

Please refer to Note 9 of the Notes to the Financial Statements on page 32.

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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REPORT TO UNITHOLDERS

For the financial year ended 30 June 2022

With effect from 20 June 2022, the investment objective and policy/focus and approach of the Fund was amended such that the Fund will seek to achieve its objective by investing in a portfolio of dividend producing equity securities listed and traded on the stock exchanges in the countries represented in the MSCI AC (All Countries) Asia ex Japan Index. Prior to that, the Fund as a feeder fund invested all or substantially all of its assets into the Nikko AM Global Umbrella Trust – Asia High Dividend Equity Fund

The details which follow make reference to the investments within the Nikko AM Global Umbrella Trust – Asia High Dividend Equity Fund, unless stated otherwise.

1. Top 10 holdings

10 largest holdings as at 30 June 2021	Fair value US\$	Percentage of total net assets attributable to unitholders %
Samsung Electronics Company Limited (Preferred Shares)	901,690	6.25
Taiwan Semiconductor Manufacturing Company Limited	811,485	5.63
AIA Group Limited	628,766	4.36
Ping An Insurance Group Company Limited	509,230	3.53
Link REIT	450,666	3.12
Sinopharm Group Co-H	444,994	3.08
Angel Broking Limited	435,688	3.02
Oversea Chinese Banking Corporation	411,609	2.85
Tencent Holdings Limited	353,445	2.45
Nickel Asia Corp	345,714	2.40

2. Financial Ratios

	2021 %
Expense ratio ¹	1.29
Turnover ratio	47.62

¹ The expense ratio has been computed based on the 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 average net asset value is based on the daily balances.

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