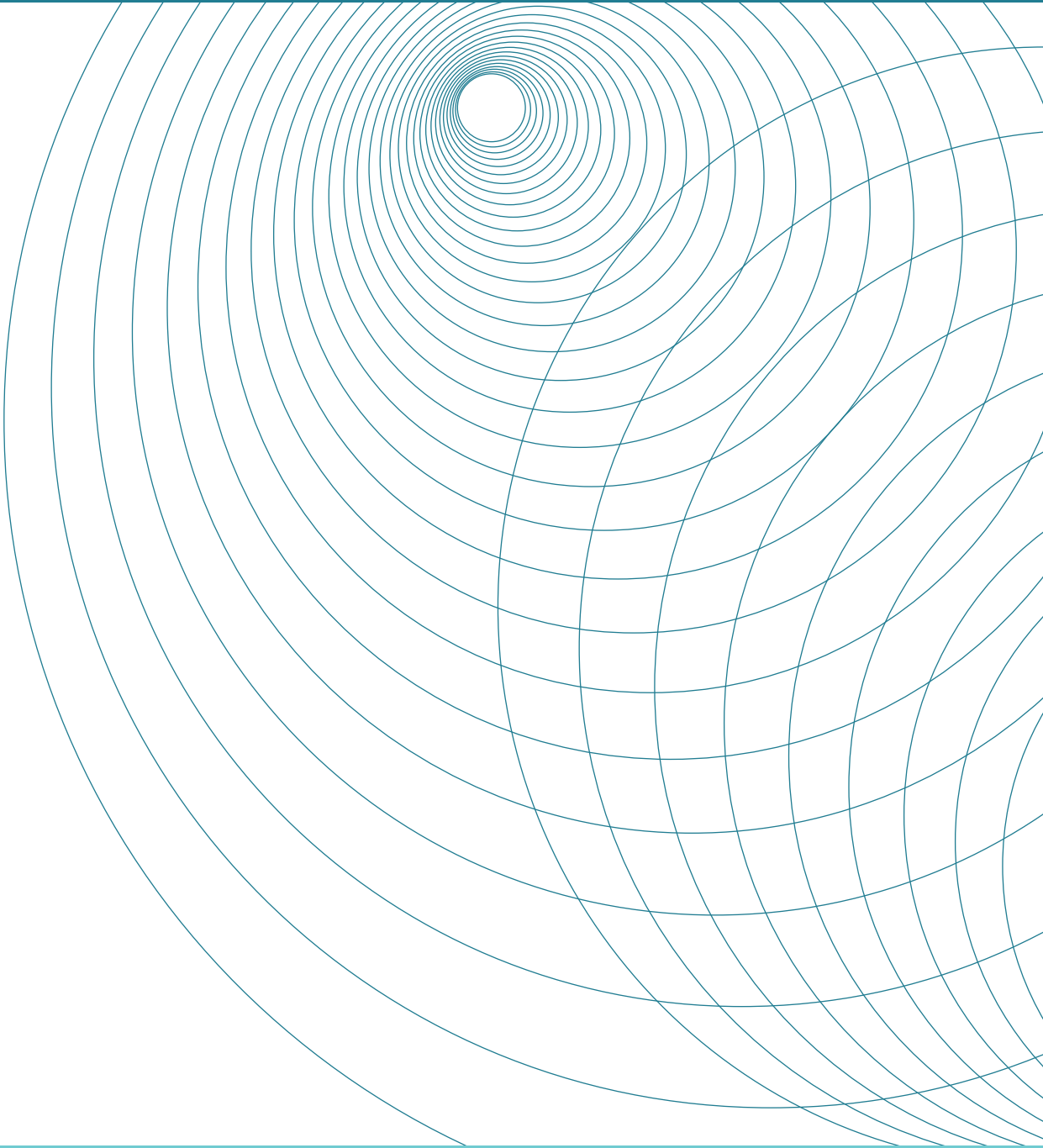

ANNUAL REPORT

Nikko AM Asia Healthcare Fund

Financial year ended 31 December 2024



MANAGERS

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

DIRECTORS OF THE MANAGERS

Seet Oon Hui Eleanor
Yutaka Nishida
Hiroshi Yoh
Allen Yan

TRUSTEE & REGISTRAR

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

AUDITORS

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

CUSTODIAN

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

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

PERFORMANCE SUMMARY

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Asia Healthcare Fund - JPY Class	-3.07	10.26	9.52	1.22	8.18	N/A	1.36
MSCI AC Asia ex Japan Health Care Index	-1.86	9.70	13.63	0.94	7.00	N/A	3.17

Source: Nikko Asset Management Asia Limited and MSCI. Returns as at 31 December 2024. Returns are calculated on a NAV-NAV basis, JPY, 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 Asia Healthcare Fund - JPY Class	-7.91	4.74	4.05	-0.50	7.08	N/A	0.84
MSCI AC Asia ex Japan Health Care Index	-1.86	9.70	13.63	0.94	7.00	N/A	3.17

Source: Nikko Asset Management Asia Limited and MSCI. Returns as at 31 December 2024. Returns are calculated on a NAV-NAV basis, JPY, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance. Currently, there is no sales charge for JPY Class.

Inception date: 16 January 2015

- (1) With effect from 1 September 2025, references to “Nikko Asset Management Asia Limited”, “Nikko AM Asia Healthcare Fund” and “Nikko Asset Management Co., Ltd” shall be deemed deleted and replaced with “**Amova Asset Management Asia Limited**”, “**Amova Asia Healthcare Fund**” and “**Amova Asset Management Co., Ltd**” respectively.

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Portfolio Review

The Fund returns 9.52% in 2024

For the 12-month period ended 31 December 2024, the Nikko AM Asia Healthcare Fund (the “Fund”) returned 9.52% (JPY terms, on a NAV-NAV basis), whereas the MSCI AC Asia ex Japan Health Care Index returned 13.63%.

All three key healthcare markets contributed positively for the period. In India, aside from our overweight position in contract research, development and manufacturing organisations (CRDMOs), our exposure in favour of Hospitals versus Pharmaceutical companies was proven right as Indian Pharmaceutical companies generally underperformed. By and large, our preference for more domestically-focused Indian Pharmaceutical companies worked well as the former significantly outperformed the generic manufacturing exporters which are largely competing on price.

In China, we increased our exposure to China CRDMOs in the fourth quarter by adding to our then underweight positions in leading Chinese CDMOs such as Wuxi Biologics and Wuxi AppTec, which rallied between 50% to 80%. Our exposure to the Chinese CDMO sector was previously the biggest detractor to returns in the first half of 2024, as the unveiling of the US BIOSECURE bill in January deemed Chinese CDMOs a threat to US national security, sending the sector down sharply. Our positions in the Biotechnology subsector also contributed positively, in particular, CanSino Biologics, a Chinese vaccine maker, which rallied more than 50% in the second half, after delivering better-than-expected revenues and profits in the third quarter, with channel inventory destocking largely completed.

Turning to Korea, our portfolio performed well over the year until President Yoon Suk Yeol's shocking enactment of martial law and impeachment chaos, which hit the market in early December. As a result, our wins in Yuhan, a leading oncology drug developer (up more than 50%) and Samsung Biologics (up 30%) were partially offset by smaller cap positions which were sold off as short-term investors sought to de-risk their Korean exposure.

Market Review

Asian healthcare sector records gain in eventful 2024

2024 was as eventful as we anticipated this time last year. In fact, the laundry list of investor worries grew longer as the year progressed. With the US Federal Reserve leaving interest rates steady over the entire first half of the year, the fixation on "Fed watching" continued in the second half as investor optimism rose and fell with better- or worse-than-expected inflation data. But markets also had to contend with a protracted economic downturn in China, worsening geopolitics amid rising anti-globalisation trends and lastly, a high-stakes US election in November.

In July, US President Joe Biden abandoned his re-election bid, making way for Vice President Kamala Harris to join the heated race that ended with the appointment of Republican Donald Trump as the next US President. As the dust settled on the outcome of the US elections, the market has been efficient in discounting extreme scenarios under a Trump administration. After all, the market is considerably more prepared given the past experience with Trump's first presidential term. Yet, as we have seen throughout history, reality is often different from extreme election campaign proposals.

And as if we needed more drama, in a surprise plot twist, South Korean President Yoon's declaration and subsequent repeal of martial law on 3 December marked six hours that shook the country: legislative activity was suspended, military presence amplified, and the nation was thrust into political turmoil. Although it was a sleepless night for some, South Koreans who had gone to bed early woke up to mostly disbelief and outrage.

Turning to markets, it was a strong first half of 2024, fuelled by optimism over a resilient economy, improved corporate earnings and the continued artificial intelligence (AI) fervour. However, healthcare lagged the broader equity market for the period. Asian stock markets continued their rally in September amid the US Federal Reserve's widely anticipated decision to drop interest rates, kickstarting what is expected to be the first in a series of cuts. The US central bank lowered the federal funds rate by a

significant 50 basis points. Against this backdrop, Asian healthcare significantly outperformed the broader region during the second half of the year.

Indian Healthcare topped the charts over the first six months of 2024 with returns exceeding 30% in JPY terms, as Indian generic manufacturers continue to benefit from lower pricing pressure in the US, their largest export market. The second half was no different as Indian healthcare markets led the way again, exceeding 10% in JPY terms over the period. By and large, Indian CRDMOs and Hospitals outperformed whilst Pharmaceutical companies lagged. Within Pharmaceuticals, domestically-focused companies outperformed global generic players. The Indian healthcare market has benefitted from multiple tailwinds over the past one and a half years: steady generic pricing product specific opportunities in the US generics market which have helped margins, structural growth in hospitals driven by rising insurance penetration, rising affluence and the lack of adequate public infrastructure. This year, Indian CRDMOs have been the biggest performers as they reported increased customer enquiries, Request-For-Quotations (RFQs) and on-site visits given global innovators' diversification of supply from China as the BIOSECURE bill made its progress through the US Congress.

China was the key detractor in the first half of 2024, as the US introduced the BIOSECURE bill, raising the spectre of a spike in geopolitical tension between the US and China. However, in an interesting shift in the second half, China came in close behind India, rallying 10% in JPY terms as Chinese policymakers signalled the shift to a pro-growth stance in September. Investors cheered a slew of government measures announced since the last week of September to address sluggish economic growth. These include wide ranging policies to improve liquidity conditions, boost domestic stock markets and support the real estate sector, along with cash handouts. Following the third quarter earnings season, where they reported contract order trends turning positive, Chinese CRDMOs rallied almost 50% during the period, as valuations bottomed out mid-year, having already priced in geopolitical risks surrounding the BIOSECURE bill. China healthcare stocks rallied in line with the market, led by CXO, internet healthcare and Biotech.

Following a strong first-half, Korean CDMO and Pharmaceutical sectors continued to perform well with yet another near 10% appreciation in JPY terms. A leading oncology drug developer in Korea won Food and Drug Administration (FDA) approval for its innovative lung cancer drug, and its US commercialisation partner launched the drug in September. Recent prescription data in the US indicated that early uptake of the drug was comparable to that of its key rival drug. Meanwhile, Samsung Biologics, now one of the largest biologics CMO globally, has been gaining market share—it announced three sizable long-term CMO contracts from the US, Asia and Europe worth almost USD 3 billion in aggregate, reflecting the strong demand for antibody manufacturing capacity across the globe.

Market Outlook & Strategy

Evolution of Asian Healthcare holds much potential for higher returns for investors

After three years of tightening monetary policy, central banks worldwide have begun to ease. While we do not claim to be macroeconomic forecasters, a sustained shift in the global monetary cycle would be a welcome boost for many areas within our investment universe. The US Federal Reserve's decision to lower interest rates has allowed many Asian central banks to follow suit, although this is likely a shallow easing cycle.

Having said that, these potential benefits may be somewhat tempered by the highly unpredictable nature of Donald Trump's second term as US president. Trump's election campaign once again focused on protectionism, "America First" and immigration, and there is likely to be increasing volatility across global markets. In fact, we have seen recent moves responding to news flow surrounding Trump's

tariffs and nominations to the various key healthcare offices such as the Home & Human Services secretary (HHS), Centers for Medicare & Medicaid Services (CMS) and FDA.

While the prospect of a Trump presidency lies ahead of us in 2025, it is far from certain whether “Trump 2.0” will have a net negative impact on emerging and Asian markets. During Trump’s first term (January 2017–January 2021), China outperformed both the S&P 500 and all the perceived “China plus one” beneficiaries. It should also be noted that top Trump advisor Elon Musk has strong ties with China.

The key takeaway here is that Trump is not the only potential catalyst for fundamental change; in China’s case, domestic policy will be paramount. China has stepped up its policy stance to a more proactive fiscal policy and that, combined with an accommodative monetary policy, is targeted at countering the country’s cyclical downturn and stabilising property and stock markets. In fact, we see some developments that could potentially catalyse a rebound in China healthcare: one, China, which hitherto has been a single-payor (yibao) healthcare market, could see the rise of commercial insurance to be a key payor, supporting innovation and enabling sustainable growth. Two, as the US undergoes a presidential transition, and given the exclusion of the BIOSECURE bill from the National Defense Authorization Act in early December, the window for the passing of the BIOSECURE bill is closing. The Chinese CRDMO sector could see an inflection point from here given that both earnings and multiples have priced in the worst scenarios.

We have seen rising outsourcing from discovery to development to manufacturing across ever more complex molecules for both small- and mid-sized biotech as well as large pharma companies. Asian CRDMOs offer cost efficiency, stability of supply and lower capital expenditure for their clients. We believe global innovators will continue to look to diversification of their supply chain and appoint alternate vendors, irrespective of whether the BIOSECURE bill is passed into Act. This presents a significant opportunity for both Indian and Korean CRDMOs with the former’s capability in small molecules especially in high potency active pharmaceutical ingredients and peptides, whilst the latter, in large molecule biologics and cell and gene therapies. In 2025, the ability of Indian and Korean CRDMOs to convert enquiries and RFQs into confirmed orders will be key.

Domestically, healthcare spending in Asia will continue to grow in the coming years as populations expand and age well beyond retirement age. Universal healthcare coverage, commercial insurance, community or home-based long-term care, preventive care, using artificial intelligence and innovation to improve healthcare outcomes are some of the initiatives countries are looking into to find solutions so that they can manage the demographic transitions we are seeing today. We believe the evolution of Asian Healthcare holds much potential for higher returns for investors. We urge investors to take the opportunity of any retreat to buy into this structural growth sector.

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 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 ASIA HEALTHCARE FUND

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

REPORT OF THE TRUSTEE

For the financial year ended 31 December 2024

The Trustee is under a duty to take into custody and hold the assets of Nikko AM Asia Healthcare 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 30, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

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

Authorised signatory
27 March 2025

NIKKO AM ASIA HEALTHCARE FUND

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

STATEMENT BY THE MANAGER

For the financial year ended 31 December 2024

In the opinion of Nikko Asset Management Asia Limited, the accompanying financial statements set out on pages 12 to 30, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of Nikko AM Asia Healthcare Fund (the "Fund") as at 31 December 2024, 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
27 March 2025

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

Our Opinion

In our opinion, the accompanying financial statements of Nikko AM Asia Healthcare Fund (the "Fund"), are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants ("RAP 7"), so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 31 December 2024, and the financial performance and movements of unitholders' funds for the financial year ended on that date.

What we have audited

The financial statements of the Fund comprise:

- the Statement of Total Return for the financial year ended 31 December 2024;
- the Statement of Financial Position as at 31 December 2024;
- the Statement of Movements of Unitholders' Funds for the financial year then ended;
- the Statement of Portfolio as at 31 December 2024; and
- the notes to the financial statements, including material accounting policy information.

Basis for Opinion

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

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

Independence

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

Other Information

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

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

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

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

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 27 March 2025

NIKKO AM ASIA HEALTHCARE FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial year ended 31 December 2024*

	Note	2024 S\$	2023 S\$
Income			
Dividends		382,468	601,428
Interest on cash and cash equivalents		77,397	91,991
		459,865	693,419
Less: Expenses			
Management fee		301,443	379,213
Transfer agent fee		2,772	2,380
Trustee fee		14,077	17,650
Custody fee		20,851	23,565
Audit fee		30,924	29,851
Valuation fee		18,769	23,534
Transaction costs		174,486	124,366
Other expenses*		85,707	83,988
		649,029	684,547
Net (loss)/income		(189,164)	8,872
Net gains or losses on value of investments			
Net gains/(losses) on investments		1,124,975	(4,755,502)
Net foreign exchange losses		(114,162)	(196,566)
		1,010,813	(4,952,068)
Total return/(deficit) for the financial year before income tax		821,649	(4,943,196)
Less: Income tax	3	(46,928)	(50,816)
Total return/(deficit) for the financial year after income tax		774,721	(4,994,012)

* The balances include non-audit related fees paid to a network firm of the Fund's Auditor which amounted to S\$9,907 for 2024 (2023: Nil).

The accompanying notes form an integral part of these financial statements

NIKKO AM ASIA HEALTHCARE FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF FINANCIAL POSITION***As at 31 December 2024*

	Note	2024 S\$	2023 S\$
ASSETS			
Portfolio of investments		45,360,282	57,585,948
Sales awaiting settlement		142,467	191,833
Receivables	4	9,572	11,372
Cash and cash equivalents		1,015,721	1,301,751
Total assets		46,528,042	59,090,904
LIABILITIES			
Payables	5	428,641	219,766
Total liabilities		428,641	219,766
EQUITY			
Net assets attributable to unitholders	6	46,099,401	58,871,138

The accompanying notes form an integral part of these financial statements

NIKKO AM ASIA HEALTHCARE FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial year ended 31 December 2024*

	Note	2024 S\$	2023 S\$
Net assets attributable to unitholders at the beginning of the financial year		58,871,138	73,235,801
Operations			
Change in net assets attributable to unitholders resulting from operations		774,721	(4,994,012)
Unitholders' contributions/(withdrawals)			
Creation of units		-	-
Cancellation of units		(13,546,458)	(9,370,651)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		(13,546,458)	(9,370,651)
Total decrease in net assets attributable to unitholders		(12,771,737)	(14,364,663)
Net assets attributable to unitholders at the end of the financial year	6	46,099,401	58,871,138

The accompanying notes form an integral part of these financial statements

NIKKO AM ASIA HEALTHCARE FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2024***By Geography (Primary)**

	Holdings at 31 December 2024	Fair value at 31 December 2024 S\$	Percentage of total net assets attributable to unitholders at 31 December 2024 %
Quoted Equities			
CHINA			
ALIER Eye Hospital Group Company Limited	97,405	239,825	0.52
CanSino Biologics Incorporated	102,800	568,699	1.24
CSPC Innovation Pharmaceutical Company Limited	81,370	402,051	0.87
Hansoh Pharmaceutical Group Company Limited	172,000	521,976	1.13
Innovent Biologics Incorporated	259,000	1,664,790	3.61
JD Health International Incorporated	119,000	587,262	1.28
Jiangsu Hengrui Pharmaceuticals Company Limited	166,317	1,418,559	3.08
Shenzhen Mindray Bio-Medical Electronics Company Limited	24,700	1,170,403	2.54
Shenzhen New Industries Biomedical Engineering Company Limited	59,700	785,981	1.70
WuXi AppTec Company Limited – Class A	49,000	501,156	1.09
WuXi AppTec Company Limited – Class H	104,200	1,033,939	2.24
WuXi Biologics Cayman Incorporated	668,500	2,061,601	4.47
Total CHINA		10,956,242	23.77
HONG KONG SAR			
China Medical System Holdings Limited	690,000	914,902	1.98
HUTCHMED China Limited	156,500	619,783	1.34
Total HONG KONG SAR		1,534,685	3.32
INDIA			
Apollo Hospitals Enterprise Limited	12,398	1,441,446	3.13
Cipla Limited	87,805	2,139,771	4.64
Divi's Laboratories Limited	22,721	2,208,071	4.79
Dr Reddy's Laboratories Limited	68,100	1,504,013	3.26
Entero Healthcare Solutions Limited	20,326	461,263	1.00
Krishna Institute of Medical Sciences Limited	60,773	581,714	1.26
Mankind Pharma Limited	30,128	1,382,816	3.00
Max Healthcare Institute Limited	47,259	848,503	1.84
Piramal Pharma Limited	144,590	610,556	1.33
Rainbow Children's Medicare Limited	23,441	560,042	1.21
Sun Pharmaceutical Industries Limited	141,881	4,272,944	9.27
Torrent Pharmaceuticals Limited	9,589	513,405	1.12
Total INDIA		16,524,544	35.85
INDONESIA			
Kalbe Farma TBK PT	3,611,500	416,313	0.90
Medikaloka Hermina TBK PT	5,763,500	796,283	1.73
Total INDONESIA		1,212,596	2.63

The accompanying notes form an integral part of these financial statements

NIKKO AM ASIA HEALTHCARE FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2024***By Geography (Primary) (continued)**

	Holdings at 31 December 2024	Fair value at 31 December 2024 S\$	Percentage of total net assets attributable to unitholders at 31 December 2024 %
Quoted Equities (continued)			
SOUTH KOREA			
Alteogen Incorporated	2,919	837,196	1.82
Binex Company Limited	30,507	518,479	1.12
Celltrion Incorporated	16,319	2,835,484	6.15
Dongkook Pharmaceutical Company Limited	32,695	500,523	1.09
HK Inno.N Corporation	23,013	764,530	1.66
Samsung Biologics Company Limited	3,997	3,515,060	7.62
ST Pharm Company Limited	8,332	686,410	1.49
Yuhan Corporation	3,700	409,734	0.89
Total SOUTH KOREA		10,067,416	21.84
THAILAND			
Bangkok Dusit Medical Services Public Company Limited	1,933,400	1,895,317	4.11
Chularat Hospital Public Company Limited	5,474,100	534,437	1.16
Total THAILAND		2,429,754	5.27
UNITED STATES OF AMERICA			
BeiGene Limited	137,400	2,635,045	5.72
Total UNITED STATES OF AMERICA		2,635,045	5.72
Total Quoted Equities		45,360,282	98.40
Unquoted Equity			
CHINA			
China Animal Healthcare Limited	1,246,000	-	-
Total CHINA		-	-
Total Unquoted Equity		-	-
Portfolio of investments		45,360,282	98.40
Other net assets		739,119	1.60
Net assets attributable to unitholders		46,099,401	100.00

The accompanying notes form an integral part of these financial statements

NIKKO AM ASIA HEALTHCARE FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2024***By Geography (Summary)**

	Percentage of total net assets attributable to unitholders at 31 December 2024 %	Percentage of total net assets attributable to unitholders at 31 December 2023 %
Quoted Equities		
China	23.77	41.81
Hong Kong SAR	3.32	7.00
India	35.85	19.53
Indonesia	2.63	2.66
South Korea	21.84	22.66
Thailand	5.27	1.19
United States of America	5.72	2.97
Total Quoted Equities	98.40	97.82
Portfolio of investments	98.40	97.82
Other net assets	1.60	2.18
Net assets attributable to unitholders	100.00	100.00

The accompanying notes form an integral part of these financial statements

NIKKO AM ASIA HEALTHCARE FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2024***By Industry (Secondary)**

	Fair value at 31 December 2024 S\$	Percentage of total net assets attributable to unitholders at 31 December 2024 %	Percentage of total net assets attributable to unitholders at 31 December 2023 %
Biotechnology	8,383,594	18.19	20.97
Commercial Services	-	-	0.90
Healthcare-Products	2,871,286	6.22	9.51
Healthcare-Services	10,494,263	22.76	16.00
Pharmaceuticals	23,023,877	49.95	46.61
Retail	587,262	1.28	2.78
Software	-	-	1.05
Portfolio of investments	45,360,282	98.40	97.82
Other net assets	739,119	1.60	2.18
Net assets attributable to unitholders	46,099,401	100.00	100.00

The accompanying notes form an integral part of these financial statements

NIKKO AM ASIA HEALTHCARE FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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

1. General

Nikko AM Asia Healthcare Fund (the "Fund") is a Singapore domiciled fund, constituted by a Trust Deed dated 12 January 2015 as amended by a Supplemental Deed 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").

There are five classes of units established within the Fund, namely the SGD Class A (denominated in SGD), the United States Dollar ("USD") Class A (denominated in USD), the USD Class B (denominated in USD), the Renminbi ("RMB") Class A (denominated in RMB) and the Japanese Yen ("JPY") Class (denominated in JPY). The classes differ in terms of their currency of denomination, management fee, initial sales charge, minimum initial and subsequent investment amounts, minimum holding amount, minimum realisation amount, method of subscription, distribution policy, use of forwards, the time period for payment of cancellation or realisation proceeds and number of decimal places for rounding of the issue price and realisation price per unit.

As of 31 December 2024 and 2023, only units in the JPY Class have been issued.

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

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

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

NIKKO AM ASIA HEALTHCARE FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information

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

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value 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.

(c) Distributions

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

(d) Investments

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

(i) *Initial recognition*

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

(ii) *Subsequent measurement*

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

(iii) *Derecognition*

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

NIKKO AM ASIA HEALTHCARE FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (continued)

(e) Basis of valuation of investments

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The quoted market 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.

(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 Japanese Yen ("JPY").

NIKKO AM ASIA HEALTHCARE FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (continued)

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

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 within the net foreign exchange gain or loss. Transactions during the year are recorded in Singapore Dollar at the rates of exchange ruling on transaction dates. All realised gains or losses are recognised in the Statement of Total Return.

(k) Expenses

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

(l) Management fee

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

(m) Creation and cancellation of units

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

3. Income tax

The Fund has been approved by the Monetary Authority of Singapore ("MAS") under the Enhanced-Tier Fund (ETF) Scheme (Section 13U of the Income Tax Act and the relevant Regulations). Subject to certain conditions being met on an annual basis, the Fund may enjoy Singapore corporate income tax exemption on "specified income" derived from "designated investments" for the life of the Fund. Losses from "designated investments" are correspondingly disregarded. The terms "specified income" and "designated investments" are defined in the relevant Income Tax Regulations.

The Manager and the Trustee of the Fund have assessed and are satisfied that the Fund has met the requisite conditions under the ETF Scheme for the current financial year. The Manager and the Trustee of the Fund will also ensure that the Fund fulfils its reporting obligations under the ETF Scheme.

NIKKO AM ASIA HEALTHCARE FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2024***3. Income tax (continued)**

Income tax for the financial year ended 31 December 2024 and 2023 comprises:

	2024	2023
	S\$	S\$
Overseas income tax	46,928	50,816

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

4. Receivables

	2024	2023
	S\$	S\$
Dividends receivable	9,572	11,372

5. Payables

	2024	2023
	S\$	S\$
Payable to unitholders for cancellation of units	189,072	-
Amount due to the Manager	78,664	96,557
Amount due to the Trustee	11,330	13,813
Valuation fee payable	15,108	18,418
Transfer agent fee payable	616	1,830
Provision for audit fee	32,182	30,887
Custody fee payable	6,959	6,583
Other payables	94,710	51,678
	428,641	219,766

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

NIKKO AM ASIA HEALTHCARE FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

6. Units in issue

During the financial year ended 31 December 2024 and 2023, the number of units issued, redeemed and outstanding were as follows:

JPY Class	2024	2023
Units at beginning of the financial year	6,076,302,754	7,004,687,150
Units created	-	-
Units cancelled	(1,394,705,332)	(928,384,396)
Units at end of the financial year	4,681,597,422	6,076,302,754
Net assets attributable to unitholders - S\$	46,099,401	58,871,138
Net asset value per unit - S\$	0.0098	0.009689

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:

JPY Class	2024	2023
	S\$	S\$
Net assets attributable to unitholders per financial statements per unit	0.0098	0.009689
Effect of adjustment of bid-ask prices per unit	-*	-#
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	-	-#
Net assets attributable to unitholders for issuing/redeeming per unit	0.0098	0.009689

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

* Effect is less than 0.0001.

Effect is less than 0.000001.

7. Financial risk management

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

The Fund's investment objective is to provide capital appreciation over the medium to long term. The Fund invests primarily in equities of companies which are principally involved in the development, production and/or distribution of health care products and services in Asia (excluding Japan) or are otherwise related to health care in Asia (excluding Japan).

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

NIKKO AM ASIA HEALTHCARE FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

7. Financial risk management (continued)

(a) Market risk - Price risk

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

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

The Fund's market price risk is managed through diversification of the investment portfolio across various geographies globally.

The Fund is actively managed and uses the MSCI AC Asia ex Japan Health Care Index (the "Benchmark") as a benchmark for performance comparison purposes only. There are no restrictions on the extent to which the Fund's portfolio and performance may deviate from the Benchmark.

As at 31 December 2024, an increase/decrease of the index component within the Benchmark by 18% (2023: 18%), with all other variables remaining constant, the net assets attributable to unitholders for the year would increase/decrease by approximately 18% (2023: 16%). The analysis was based on the assumptions that the index components within the Benchmark increased/decreased by a reasonable possible shift, with all other variables held constant and that the fair value of Fund's investments moved according to the beta. Reasonable possible changes in market index percentage are revised annually depending on the Manager's current view on market volatility and other relevant factors.

(b) Market risk - Interest rate risk

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

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.

NIKKO AM ASIA HEALTHCARE FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

7. Financial risk management (continued)

(c) Market risk - Currency risk (continued)

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

As at 31 December 2024	JPY S\$	SGD S\$	HKD S\$	INR S\$	CNY S\$	KRW S\$	USD S\$	Others S\$	Total S\$
Assets									
Portfolio of investments	-	-	10,607,997	16,524,544	4,517,975	10,067,416	-	3,642,350	45,360,282
Sales awaiting settlement	-	-	142,467	-	-	-	-	-	142,467
Receivables	-	-	-	-	-	9,572	-	-	9,572
Cash and cash equivalents	414,182	15,635	248	-	1	-	585,655	-	1,015,721
Total assets	414,182	15,635	10,750,712	16,524,544	4,517,976	10,076,988	585,655	3,642,350	46,528,042
Liabilities									
Payables	190,189	238,452	-	-	-	-	-	-	428,641
Total liabilities	190,189	238,452	-	-	-	-	-	-	428,641
Net currency exposure	223,993	(222,817)	10,750,712	16,524,544	4,517,976	10,076,988	585,655	3,642,350	
As at 31 December 2023									
Assets									
Portfolio of investments	-	-	21,819,248	11,497,834	8,663,331	13,338,600	-	2,266,935	57,585,948
Sales awaiting settlement	-	-	-	-	-	191,833	-	-	191,833
Receivables	-	-	-	-	-	11,372	-	-	11,372
Cash and cash equivalents	446,873	67,549	129	-	1	-	787,199	-	1,301,751
Total assets	446,873	67,549	21,819,377	11,497,834	8,663,332	13,541,805	787,199	2,266,935	59,090,904
Liabilities									
Payables	-	219,766	-	-	-	-	-	-	219,766
Total liabilities	-	219,766	-	-	-	-	-	-	219,766
Net currency exposure	446,873	(152,217)	21,819,377	11,497,834	8,663,332	13,541,805	787,199	2,266,935	

NIKKO AM ASIA HEALTHCARE FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

7. 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, as part of the price risk sensitivity analysis.

As of 31 December 2024 and 2023, 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 financial liabilities are analysed using contractual undiscounted cash flows for maturity groupings based on the remaining year at the Statement of Financial Position date to the contractual maturity date. As at 31 December 2024 and 2023, all liabilities are either payable upon demand or due in less than 3 months. The impact of discounting is not significant.

	<u>Less than 3 months</u>	
	As at	As at
	31 December	31 December
	2024	2023
	S\$	S\$
Payables	428,641	219,766
Contractual cash outflows	428,641	219,766

NIKKO AM ASIA HEALTHCARE FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

7. 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 31 December 2024 and 2023, the Fund's financial assets held at amortised cost as disclosed in the Statement of Financial Position are realised within three months. The Manager considers the probability of default to be insignificant as the counterparties generally have a strong capacity to meet their contractual obligations in the near term. Hence, no loss allowance has been recognised based on the 12 month expected credit losses as any such impairment would be insignificant to the Fund.

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 custodian in which the Fund's assets are held as at 31 December 2024 and 2023.

	Credit rating as at 31 December 2024	Credit rating as at 31 December 2023	Source of credit rating
Bank and custodian			
- BNP Paribas, acting through its Singapore Branch	A1	Aa3	Moody's

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

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

(f) Capital management

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

NIKKO AM ASIA HEALTHCARE FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

7. Financial risk management (continued)

(g) Fair value estimation

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

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

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 31 December 2024 and 2023:

As at 31 December 2024	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
Assets				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted equities	45,360,282	-	-*	45,360,282
	45,360,282	-	-	45,360,282
As at 31 December 2023				
	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
Assets				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted equities	57,585,948	-	-*	57,585,948
	57,585,948	-	-	57,585,948

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include active listed equities. 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.

There is no transfer in or out of Level 3 instruments for the financial year ended 31 December 2024 and 2023.

* Investments classified within Level 3 have significant unobservable inputs as there are no readily available quoted market prices. As of 31 December 2024 and 2023, investment classified as Level 3 consists of 1 equity security for China Animal Healthcare Limited (the "Company"), which was suspended from trading on the relevant exchanges on 30 March 2015 due to delay in publication of its annual results for financial year ended 31 December 2014 as a result of unresolved audit matters. Given the lack of information and prolonged suspension, the Manager had deemed it prudent to write down the fair value of this security to zero value since the financial year ended 31 December 2016 and was classified as an Unquoted equity. On 30 January 2020, the listing of the shares of the Company has been cancelled on the Stock Exchange of Hong Kong Limited.

NIKKO AM ASIA HEALTHCARE FUND

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

8. Related party transactions

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

	2024 S\$	2023 S\$
Bank balances held with related party of the Trustee	1,015,721	1,301,751

9. Financial ratios

Expense ratio

		2024	2023
<u>JPY Class</u>			
Total operating expenses	S\$	474,128	558,860
Average daily net asset value	S\$	52,004,826	65,282,965
Total expense ratio¹	%	0.91	0.86

Turnover ratio

		2024	2023
Lower of total value of purchases or sales	S\$	23,552,106	18,499,394
Average daily net asset value	S\$	52,004,826	65,282,965
Total turnover ratio²	%	45.29	28.34

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

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

NIKKO AM ASIA HEALTHCARE FUND

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

REPORT TO UNITHOLDERS

For the financial year ended 31 December 2024

The following contains additional information relating to the Fund.

1. Distribution of investments

Please refer to the Statement of Portfolio on pages 15 to 18.

2. Credit rating of debt securities

Nil.

3. Top 10 holdings

10 largest holdings at 31 December 2024

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Sun Pharmaceutical Industries Limited	4,272,944	9.27
Samsung Biologics Company Limited	3,515,060	7.62
Celltrion Incorporated	2,835,484	6.15
Beigene Limited	2,635,045	5.72
Divi's Laboratories Limited	2,208,071	4.79
Cipla Limited	2,139,771	4.64
WuXi Biologics Cayman Incorporated	2,061,601	4.47
Bangkok Dusit Medical Services Public Company Limited	1,895,317	4.11
Innovent Biologics Incorporated	1,664,790	3.61
Dr Reddy's Laboratories Limited	1,504,013	3.26

10 largest holdings at 31 December 2023

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Celltrion Incorporated	5,681,498	9.65
Sun Pharmaceutical Industries Limited	4,993,386	8.48
Samsung Biologics Company Limited	4,932,814	8.38
CSPC Pharmaceutical Group Limited	3,593,058	6.10
Innovent Biologics Incorporated	3,372,566	5.73
WuXi Biologics Cayman Incorporated	3,077,706	5.23
Jiangsu Hengrui Pharmaceuticals Company Limited	2,366,349	4.02
Shenzhen Mindray Bio-Medical Electronics Company Limited	2,142,595	3.64
HUTCHMED China Limited	1,813,263	3.08
China Medical System Holdings Limited	1,781,552	3.03

4. Exposure to financial derivatives

Nil.

NIKKO AM ASIA HEALTHCARE FUND

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

REPORT TO UNITHOLDERS

For the financial year ended 31 December 2024

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

Nil.

9. Borrowings

Nil.

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

S\$

Units created

-

Units cancelled

(13,546,458)

11. Turnover ratio

Please refer to Note 9 of the Notes to the Financial Statements on page 30.

12. Expense ratio

Please refer to Note 9 of the Notes to the Financial Statements on page 30.

13. Related party transactions

Please refer to Note 8 of the Notes to the Financial Statements on page 30.

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

Nil.

15. Soft dollar commissions/arrangements

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

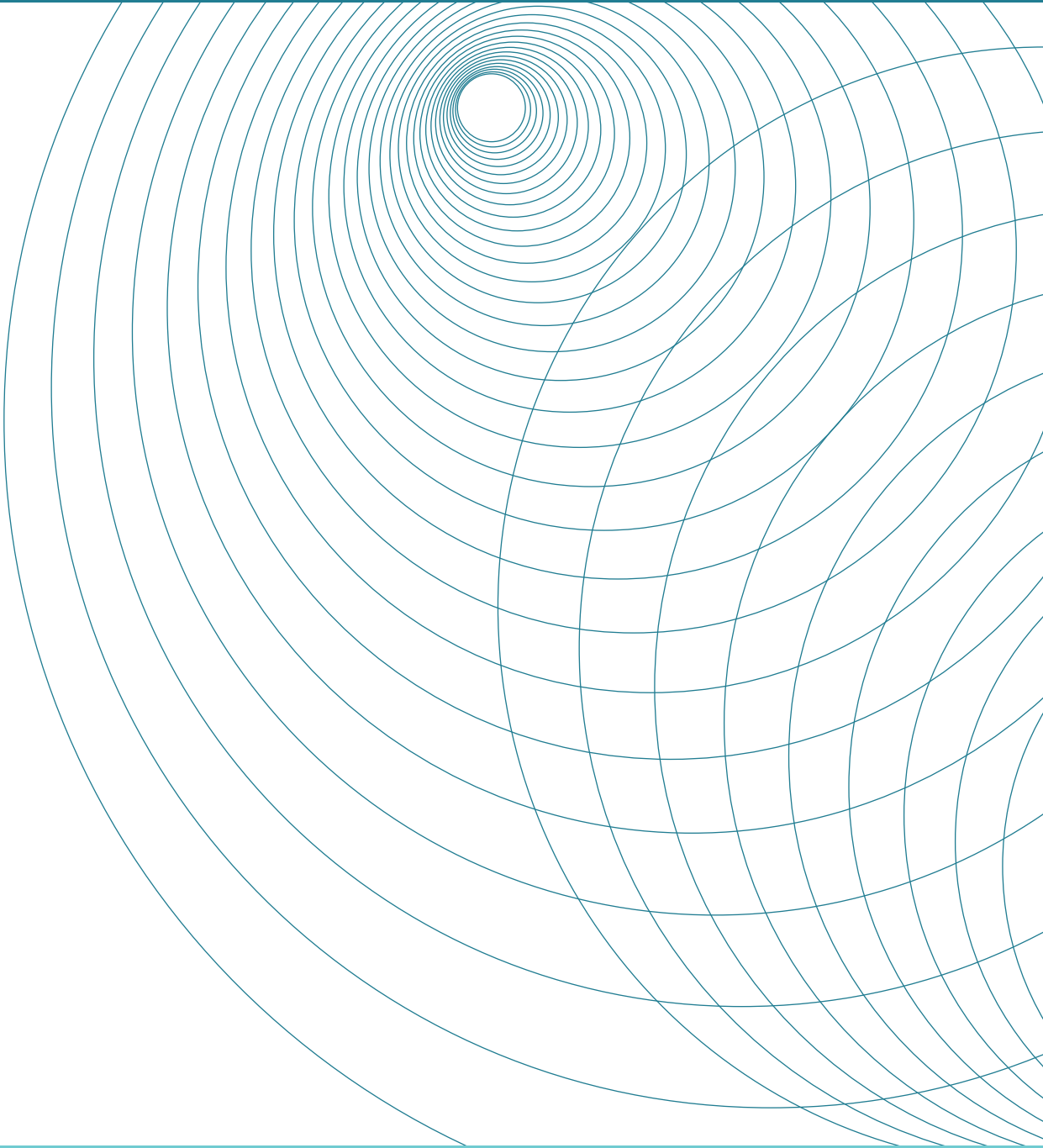
16. Subsequent events

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

SEMI-ANNUAL REPORT

Nikko AM Asia Healthcare Fund

Financial period ending 30 June 2024



MANAGERS

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

DIRECTORS OF THE MANAGERS

Seet Oon Hui Eleanor
Yutaka Nishida
Hiroshi Yoh
Allen Yan

TRUSTEE & REGISTRAR

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

AUDITORS

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

CUSTODIAN

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

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

PERFORMANCE SUMMARY

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Asia Healthcare Fund - JPY Class	1.35	-0.67	3.55	-8.62	8.23	N/A	0.39
MSCI AC Asia ex Japan Health Care Index	1.87	3.58	8.81	-10.75	6.37	N/A	2.33

Source: Nikko Asset Management Asia Limited and MSCI. Returns as at 30 June 2024. Returns are calculated on a NAV-NAV basis, JPY, 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 Asia Healthcare Fund - JPY Class	-3.72	-5.63	-1.62	-10.17	7.12	N/A	-0.15
MSCI AC Asia ex Japan Health Care Index	1.87	3.58	8.81	-10.75	6.37	N/A	2.33

Source: Nikko Asset Management Asia Limited and MSCI. Returns as at 30 June 2024. Returns are calculated on a NAV-NAV basis, JPY, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance. Currently, there is no sales charge for JPY Class.

Inception date: 16 January 2015

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Portfolio Review

Fund returns -0.67% in in the first half of 2024 (1H24)

For the six-month period ended 30 June 2024, the Nikko AM Asia Healthcare Fund (the "Fund") returned -0.67% (JPY terms, on a NAV-NAV basis), whereas the MSCI AC Asia ex Japan Health Care Index returned 3.58%.

India remains the key contributor to performance for the period. Our top contributors were from Indian generic manufacturers with a significant presence in the US, such as Sun Pharmaceuticals and Cipla. Domestically-focused Indian pharmaceutical companies such as Torrent Pharmaceuticals and recently-added Mankind Pharmaceuticals performed well. Apart from this, our exposure to Indian contract organisations (CXOs), also potential beneficiaries of the US BIOSECURE bill, contributed to

performance. On the other hand, we continue to avoid lower quality Indian healthcare companies with questionable governance, which have run ahead, fuelled by multiple expansion, rather than fundamentals.

Our Korean performance was helped by positive clinical trial data readout by Janssen Pharmaceuticals, Yuhan's license-out partner for Lazertinib, an innovative drug candidate. Korean CXOs, such as ST Pharm rallied close to 50% into a US Food and Drug Administration (FDA) approval of its client's gene therapy for blood cancer. ST Pharm is a global top three supplier of Oligonucleotides to its clients who are developing gene therapies for a wide range of diseases including cancer, cardiovascular diseases and metabolic diseases. Bellwether Korean CXO Samsung Biologics rallied into news of the BIOSECURE bill but gave up some gains due to profit-taking towards the second half of the period.

In China, our positions in Biotechnology helped to offset some of the underperformance of the CXO sector. Our key exposure in Innovent Biologics and Hutchmed were positive contributors to performance. However, China Medical System, one of our long-held Chinese Pharmaceutical positions, reported poorer-than-expected 2023 earnings, and as a result, was punished with a sharp sell-off. We have performed a review and believe the fundamental thesis for the company remains unchanged and that shares are oversold at current levels. We note that the company and its chairman have been buying back shares at current levels, demonstrating their conviction in the company's turnaround.

Market Review

Healthcare sector lags the broader equity market

The relatively benign market condition that the world has experienced since the Global Financial Crisis is being unwound, and this new phase of "quantitative tightening" drains liquidity away from financial markets. At the same time, we appear to be near a peak in monetary tightening and recent data points indicate inflation is in retreat. These suggest that a turning point is approaching, although it is still too early to celebrate as there remains the spectre of a US recession (though typically this provides a reset for an early-cycle asset class such as Asia). What we do know is this: The US Federal Reserve (Fed) has paused, the dollar is not making new highs, and some emerging market (EM) central banks have pivoted ahead of the US to take the lead in cutting interest rates.

Two themes have dominated investing in the past year. One, the emergence of artificial intelligence (AI) led by ChatGPT, OpenAI's text-generating AI chatbot. Two, energy transition away from fossil fuels to renewable energy sources. This has led to the outperformance of both the Technology and Energy sectors.

Healthcare has lagged, with China being the key detractor. The US introduction of the BIOSECURE bill once again raised the spectre of a spike in geopolitical tension between the US and China (recall in February 2022, China's CXO sector sold off on the news that Wuxi Biologics was added to the Unverified List as the US Department of Commerce was not able to inspect Wuxi's facility due to COVID travel restrictions—this was later removed in October in the same year). A grandfathering clause was later inserted as an amendment to the bill in May 2024 which will allow existing contracts to continue up to 2032, in order to reduce disruption to pharmaceutical supply chains. Around 40% of the revenues of Chinese CXOs come from US customers.

On a brighter note, Indian Healthcare again topped the charts over the reporting period with returns exceeding 30% in JPY terms. Indian generic manufacturers continue to benefit from lower pricing pressure in the US, their largest export market. In the US, legislators debated over how to solve the problem of record high number of generic drug shortages. There appears to be a concerted effort to look into the issues of low generic prices, manufacturing complexity, geographic concentration

and product quality, that have made medicines susceptible to supply disruptions. As a result, not only did 2023 mark the highest number of drug shortages in the last decade, but drug shortages are also lasting longer—on average more than three years. On the domestic front, Indian hospitals saw good traction in profitability and bed occupancy, driven by improving insurance penetration, rising affluence and the lack of adequate public hospital infrastructure.

Korean contract development and manufacturing organisation (CDMO) and Pharmaceutical sectors also performed well, with nearly 10% appreciation in JPY terms. The strength was led by the Pharmaceutical sector on positive clinical trial data readout of a late stage innovative drug candidate developed by a leading Korean pharmaceutical company. The global rights of the lung cancer drug have been out-licensed to Janssen Pharmaceuticals (which is wholly owned by Johnson & Johnson) and US FDA approval is expected sometime later this year. Korean CDMOs, which are expanding capacity, are viewed as potential beneficiaries should the proposed US BIOSECURE bill to restrict US government contracting with Chinese CDMOs be passed.

Market Outlook & Strategy

Fundamental thesis for investing in Asian healthcare remains solid

We believe global market conditions will remain uncertain as the debate on whether the Fed will make 1 or “X” number of rate cuts this year continues. The latest development is that although Fed policy makers have pared back their rate cut expectations to just one rate cut before year-end in order to fight inflation which has remained stubbornly high, markets are choosing to focus on the recent softer inflation numbers. If the Fed sees a string of benign inflation numbers from now to the fall, that could give them confidence that inflation is heading back to the 2% mark, then the Fed outlook could easily reverse again. In short, inflation will remain the primary driver of rate decisions. This is important for global biotech funding which is one of the key drivers of innovation and growth in the Healthcare sector, especially for the Biotech and CXO subsectors. Year-to-date up to mid-June, biotech funding is up nearly 50% year-on-year compared to 2023, exhibiting a positive trend since late last year.

As we highlighted at the end of last year, the stage is set for an eventful 2024 given the big year of elections. So far, the general elections in Taiwan, Indonesia and India have come and gone. Whilst the outcomes in Taiwan and Indonesian elections have been largely in line with expectations, Indian Prime Minister Modi’s third term was won not without challenge (markets had expected a clean sweep by the incumbent party right up to the exit polls). We ask ourselves what the narrower margin of victory for the ruling Bharatiya Janata Party and a coalition government means for the Indian healthcare markets? As a general rule, Consumer, Healthcare and Software are viewed as defensive sectors within the Indian context and will outperform as the market consolidates and digests the election result. Having said that, the Indian market has enjoyed a valuation premium over the region and there may be some correction in the near term. We are closely watching for any early signs that the coalition government may swerve towards more populist measures regarding domestic drug pricing or public sector healthcare schemes such as Ayushman Bharat. We have taken advantage of the volatility into the election result to add to our current positions in the India pharma space.

In China, although we believe the proposed BIOSECURE bill will not have an immediate impact on the China CXO sector due to the long legislative process for a bill to become law, we moved underweight China in January this year in light of the challenging geopolitical landscape ahead of the US election. That has been the right call as the sector has moved lower in recent months. Following then, we have witnessed a moderation in pace and intensity as the proposed Bill makes its way through US Congress. Firstly, the grandfathering clause to protect existing contracts with Chinese CXO companies up to 2032 was added in May. Then in June, the bill was left out of National Defense Authorisation Act

(NDAA) by the US House of Representatives Committee, but it still remains to be seen if the Senate version of the NDAA will include the bill or whether the bill could be tabled independently on its own. In the meantime, the competitive landscape will tilt in favour of Korean and Indian CDMO companies as Biopharma companies may avoid the use of Chinese CDMOs given it is costly and time-consuming to change CDMO partners mid-way in drug development. We are well positioned in Korean CXOs and have been adding exposure to Indian CXOs.

Longer term, we believe that the fundamental thesis for investing in Asian Healthcare remains solid. The advent of Antibody Drug Conjugates potentially replacing Traditional Chemotherapy, early treatments for Alzheimer's Disease fulfilling an unmet need, as well as the blazing success of glucagon-like peptide 1 (GLP-1) weight loss drugs globally, is driving innovation in Healthcare. Over the past 5 years, we have witnessed tremendous market expansion: Healthcare reforms towards medical innovation have deepened in markets such as China and Korea, resulting in the emergence of new subsectors, for example, Biotech, CXO and AI, greatly enhancing the opportunities for investing in Asian healthcare. We believe the evolution of Asian Healthcare holds much potential for higher returns for investors. We urge investors to take the opportunity of any retreat to buy into this structural growth sector.

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 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 ASIA HEALTHCARE FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial period from 01 January 2024 to 30 June 2024 (unaudited)*

	30 June 2024 S\$	30 June 2023 S\$
Income		
Dividends	220,870	364,169
Interest on cash and cash equivalents	50,661	56,286
	271,531	420,455
Less: Expenses		
Management fee	153,565	200,464
Transfer agent fee	1,119	1,246
Trustee fee	7,167	9,325
Custody fee	10,099	12,188
Audit fee	15,660	14,939
Valuation fee	9,556	12,433
Transaction costs	89,839	58,042
Other expenses	33,357	30,136
	320,362	338,773
Net loss/income	(48,831)	81,682
Net gains or losses on value of investments		
Net losses on investments	(5,972,652)	(7,553,094)
Net foreign exchange losses	(58,374)	(83,058)
	(6,031,026)	(7,636,152)
Total deficit for the financial period before income tax	(6,079,857)	(7,554,470)
Less: Income tax	(25,241)	(32,559)
Total deficit for the financial period after income tax	(6,105,098)	(7,587,029)

NIKKO AM ASIA HEALTHCARE FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF FINANCIAL POSITION***As at 30 June 2024 (unaudited)*

	30 June 2024 S\$	31 December 2023 S\$
ASSETS		
Portfolio of investments	46,778,963	57,585,948
Sales awaiting settlement	-	191,833
Receivables	52,320	11,372
Cash and cash equivalents	3,440,505	1,301,751
Total assets	50,271,788	59,090,904
LIABILITIES		
Payables	205,560	219,766
Purchases awaiting settlement	255,754	-
Total liabilities	461,314	219,766
EQUITY		
Net assets attributable to unitholders	49,810,474	58,871,138

NIKKO AM ASIA HEALTHCARE FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial period from 01 January 2024 to 30 June 2024 (unaudited)*

	30 June 2024	31 December 2023
	S\$	S\$
Net assets attributable to unitholders at the beginning of the financial period/year	58,871,138	73,235,801
Operations		
Change in net assets attributable to unitholders resulting from operations	(6,105,098)	(4,994,012)
Unitholders' contributions/(withdrawals)		
Creation of units	-	-
Cancellation of units	(2,955,566)	(9,370,651)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(2,955,566)	(9,370,651)
Total decreases in net assets attributable to unitholders	(9,060,664)	(14,364,663)
Net assets attributable to unitholders at the end of the financial period/year	49,810,474	58,871,138

NIKKO AM ASIA HEALTHCARE FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2024 (unaudited)***By Geography (Primary)**

	Holdings at 30 June 2024	Fair value at 30 June 2024 S\$	Percentage of total net assets attributable to unitholders at 30 June 2024 %
Quoted Equities			
CHINA			
CanSino Biologics Incorporated	167,600	568,478	1.14
CSPC Pharmaceutical Group Limited	1,069,680	1,154,940	2.32
Hansoh Pharmaceutical Group Company Limited	172,000	487,263	0.98
Huadong Medicine Company Limited	110,300	569,413	1.14
Innovent Biologics Incorporated	407,000	2,599,905	5.22
JD Health International Incorporated	137,350	506,644	1.02
Jiangsu Hengrui Pharmaceuticals Company Limited	220,717	1,575,783	3.16
Shenzhen Mindray Bio-Medical Electronics Company Limited	10,300	556,221	1.12
Shenzhen New Industries Biomedical Engineering Company Limited	70,400	881,336	1.77
Sinopharm Group Company Limited	317,600	1,143,968	2.30
WuXi Apptec Company Limited	49,000	356,470	0.72
WuXi Biologics Cayman Incorporated	582,500	1,166,855	2.34
Total CHINA		11,567,276	23.23
HONG KONG SAR			
China Medical System Holdings Limited	827,000	950,339	1.91
Hutchmed China Limited	228,000	1,088,386	2.18
Total HONG KONG SAR		2,038,725	4.09
INDIA			
Apollo Hospitals Enterprise Limited	15,414	1,550,161	3.11
Cipla Limited	98,067	2,362,070	4.74
Divi's Laboratories Limited	22,721	1,697,351	3.41
Dr Reddy's Laboratories Limited	18,730	1,948,942	3.91
Krishna Institute of Medical Sciences Limited	20,113	679,256	1.36
Mankind Pharma Limited	30,128	1,042,578	2.09
Piramal Pharma Limited	288,253	736,646	1.48
Rainbow Children's Medicare Limited	34,747	707,830	1.42
Sun Pharmaceutical Industries Limited	149,377	3,692,256	7.41
Torrent Pharmaceuticals Limited	16,014	726,487	1.47
Total INDIA		15,143,577	30.40
INDONESIA			
Medikaloka Hermina TBK PT	5,763,500	646,349	1.30
Siloam International Hospitals TBK PT	1,218,500	272,289	0.54
Total INDONESIA		918,638	1.84
SOUTH KOREA			
Celltrion Incorporated	24,249	4,161,383	8.35
Dongkook Pharmaceutical Company Limited	13,623	250,014	0.50
HK inno.N Corporation	13,393	494,488	0.99
Lunit Incorporated	9,945	457,755	0.92
Samsung Biologics Company Limited	5,568	3,985,475	8.00
ST Pharm Company Limited	14,778	1,244,022	2.51
Yuhan Corporation	22,474	1,790,092	3.59
Total SOUTH KOREA		12,383,229	24.86

NIKKO AM ASIA HEALTHCARE FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2024 (unaudited)***By Geography (Primary) (continued)**

	Holdings at 30 June 2024	Fair value at 30 June 2024 S\$	Percentage of total net assets attributable to unitholders at 30 June 2024 %
Quoted Equities (continued)			
THAILAND			
Bangkok Chain Hospital Public Company Limited	414,200	261,573	0.53
Bangkok Dusit Medical Services Public Company Limited	2,126,000	2,100,261	4.22
Chularat Hospital Public Company Limited	3,506,400	336,683	0.67
Total THAILAND		2,698,517	5.42
UNITED STATES OF AMERICA			
BeiGene Limited	135,600	2,029,001	4.07
Total UNITED STATES OF AMERICA		2,029,001	4.07
Total Quoted Equities		46,778,963	93.91
Unquoted Equity			
CHINA			
China Animal Healthcare Limited	1,246,000	-	-
Total CHINA		-	-
Total Unquoted Equity		-	-
Portfolio of investments		46,778,963	93.91
Other net assets		3,031,511	6.09
Net assets attributable to unitholders		49,810,474	100.00

NIKKO AM ASIA HEALTHCARE FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2024 (unaudited)***By Geography (Summary)**

	Percentage of total net assets attributable to unitholders at 30 June 2024 %	Percentage of total net assets attributable to unitholders at 31 December 2023 %
Quoted Equities		
China	23.23	41.81
Hong Kong SAR	4.09	7.00
India	30.40	19.53
Indonesia	1.84	2.66
South Korea	24.86	22.66
Thailand	5.42	1.19
United States of America	4.07	2.97
Total Quoted Equities	93.91	97.82
Portfolio of investments	93.91	97.82
Other net assets	6.09	2.18
Net assets attributable to unitholders	100.00	100.00

NIKKO AM ASIA HEALTHCARE FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2024 (unaudited)***By Industry (Secondary)**

	Fair value at 30 June 2024 S\$	Percentage of total net assets attributable to unitholders at 30 June 2024 %	Percentage of total net assets attributable to unitholders at 31 December 2023 %
Biotechnology	9,182,859	18.43	20.97
Commercial Services	-	-	0.90
Healthcare-Products	2,387,896	4.79	9.51
Healthcare-Services	8,077,727	16.22	16.00
Pharmaceuticals	26,166,082	52.53	46.61
Retail	506,644	1.02	2.78
Software	457,755	0.92	1.05
Portfolio of investments	46,778,963	93.91	97.82
Other net assets	3,031,511	6.09	2.18
Net assets attributable to unitholders	49,810,474	100.00	100.00

NIKKO AM ASIA HEALTHCARE FUND

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

REPORT TO UNITHOLDERS

For the financial period from 01 January 2024 to 30 June 2024 (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 13.

2. Credit rating of debt securities

Nil.

3. Top 10 holdings

10 Largest holdings at 30 June 2024

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Celltrion Incorporated	4,161,383	8.35
Samsung Biologics Company Limited	3,985,475	8.00
Sun Pharmaceutical Industries Limited	3,692,256	7.41
Innovent Biologics Incorporated	2,599,905	5.22
Cipla Limited	2,362,070	4.74
Bangkok Dusit Medical Services Public Company Limited	2,100,261	4.22
BeiGene Limited	2,029,001	4.07
Dr Reddy's Laboratories Limited	1,948,942	3.91
Yuhan Corporation	1,790,092	3.59
Divi's Laboratories Limited	1,697,351	3.41

10 Largest holdings at 30 June 2023

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Celltrion Incorporated	5,322,785	8.69
WuXi Biologics Cayman Incorporated	5,119,702	8.36
Samsung Biologics Company Limited	4,586,459	7.49
Sun Pharmaceutical Industries Limited	4,325,286	7.06
Beigene Limited	3,961,760	6.47
CSPC Pharmaceutical Group Limited	3,445,481	5.63
Jiangsu Hengrui Pharmaceuticals Company Limited	2,516,601	4.11
Dr Reddy's Laboratories Limited	2,491,904	4.07
Innovent Biologics Incorporated	2,387,213	3.90
Shenzhen Mindray Bio-Medical Electronics Company Limited	2,219,743	3.63

4. Exposure to financial derivatives

Nil.

NIKKO AM ASIA HEALTHCARE FUND

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

REPORT TO UNITHOLDERS

For the financial period from 01 January 2024 to 30 June 2024 (unaudited)

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

Nil.

9. Borrowings

Nil.

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

S\$

Units created	-
Units cancelled	(2,955,566)

11. Turnover ratio

		30 June 2024	30 June 2023
Lower of total value of purchases or sales	S\$	14,104,110	8,408,192
Average daily net asset value	S\$	53,284,329	69,533,992
Total turnover ratio¹	%	26.47	12.09

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

12. Expense ratio

		30 June 2024	30 June 2023
<u>JPY Class</u>			
Total operating expenses	S\$	508,903	595,325
Average daily net asset value	S\$	57,288,131	71,232,862
Total expense ratio²	%	0.89	0.84

² The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at financial period end was based on total operating expenses divided by the average net asset value for the year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

NIKKO AM ASIA HEALTHCARE FUND

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

REPORT TO UNITHOLDERS

For the financial period from 01 January 2024 to 30 June 2024 (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 is payable to the Trustee. Custody fee, transfer agent fee and valuation fee are payable to a related company of the Trustee, BNP Paribas acting through its Singapore Branch.

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

	30 June 2024 S\$	31 December 2023 S\$
Bank balances held with related party of the Trustee	<u>3,440,505</u>	<u>1,301,751</u>

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

Nil.

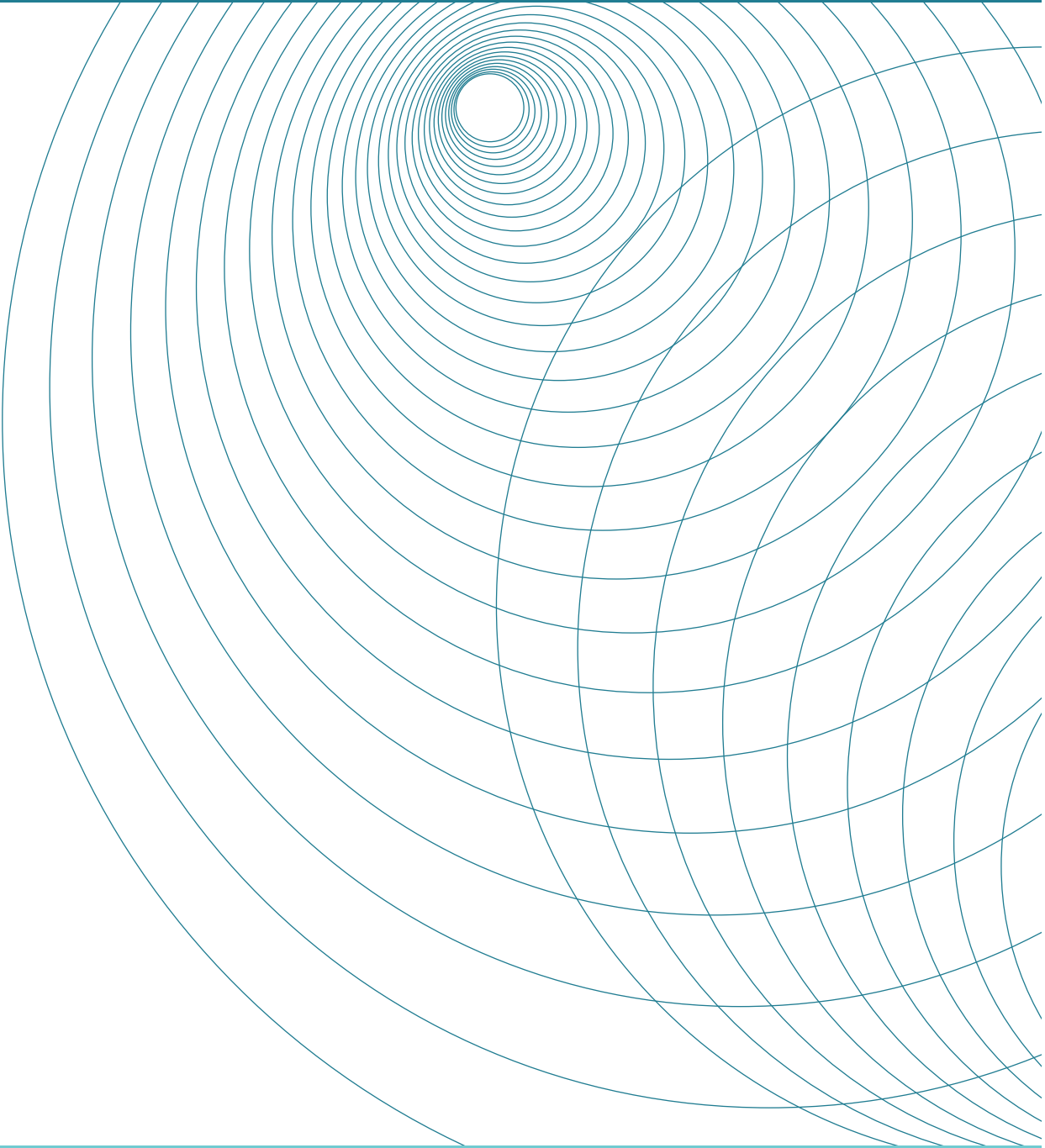
15. Soft dollar commissions/arrangements

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

ANNUAL REPORT

Nikko AM Asia Healthcare Fund

Financial year ended 31 December 2023



MANAGERS

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

DIRECTORS OF THE MANAGERS

Seet Oon Hui Eleanor
Yutaka Nishida
Hiroshi Yoh
Allen Yan

TRUSTEE & REGISTRAR

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

AUDITORS

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

CUSTODIAN

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

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

PERFORMANCE SUMMARY

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Asia Healthcare Fund - JPY Class	-0.89	4.25	0.66	-4.91	7.92	N/A	0.49
MSCI AC Asia ex Japan Health Care Index	0.97	5.05	3.59	-7.16	4.72	N/A	2.06

Source: Nikko Asset Management Asia Limited and MSCI. Returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, JPY, 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 Asia Healthcare Fund - JPY Class	-5.85	-0.96	-4.37	-6.52	6.82	N/A	-0.09
MSCI AC Asia ex Japan Health Care Index	0.97	5.05	3.59	-7.16	4.72	N/A	2.06

Source: Nikko Asset Management Asia Limited and MSCI. Returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, JPY, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance. Currently, there is no sales charge for JPY Class.

Inception date: 16 January 2015

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Portfolio Review

The Fund returns 0.66% in 2023

For the 12-month period ended 31 December 2023, the Nikko AM Asia Healthcare Fund (the "Fund") returned 0.66% (JPY terms, on a NAV-NAV basis), whereas the MSCI AC Asia ex Japan Health Care Index returned 3.59%.

Our allocation to India, South Korea and Thailand contributed positively to performance over the review period. Indian pharmaceuticals benefitted from lower price erosion in their base portfolio in the US generics market and domestic pharmaceutical growth continued to be stable at the 10% level, with low input cost pressures. However, we continue to avoid lower quality Indian healthcare companies which have run ahead of fundamentals, fuelled by multiple expansion, rather than

earnings improvement. South Korea was another positive contributor due to the outperformance of the Celltrion Group as the merger between its largest two listed operating companies successfully concluded, and biosimilars from its development pipeline won approval from the US Food and Drug Administration (FDA). Thailand also contributed positively as Thai hospitals continue to see higher-than-expected patient flows. We note more patients seeking higher-intensity medical treatment, which translates to higher average revenues per operating bed. Furthermore, our timely move to underweight Thai hospitals in the third quarter also added alpha as Thai hospitals suffered from profit-taking after the spectacular rally over the past two years.

Market Review

Asian healthcare sector ekes out gains in 2023

Asian equities and Asian healthcare stocks made a strong start to 2023, supported by a rebound in investor sentiment towards Chinese equities due to policy pivots in areas including COVID-19, housing and internet regulation. Travel and consumption spending surged over the first Lunar New Year holiday since the country emerged from its zero-COVID slumber.

However, the enthusiasm began to fade in February as hotter-than-expected economic releases in the US, including data on labour market and consumer spending, led investors to shift their expectations on inflation and monetary policy. The shocking collapse of three US banks, major lenders to the technology sector and cryptocurrency, and the subsequent downfall of Credit Suisse, which was later acquired by UBS, sent shock waves through global financial markets. Although swift action from US regulators calmed nerves and brought some respite, Asian healthcare markets retreated, especially in China where contract organisations (CXOs) were hit hard as investors feared their biotech clients would face funding woes post the banking collapses and amid generally poor funding conditions given tightening liquidity. Growing concerns over the uneven pace of the economic recovery in the world's second-largest economy, as well as persistent US-China tensions also weighed down Chinese equity markets.

The second half of 2023 was marked by periodic sentiment swings between the two ends of "hope" and "fear". Investor optimism rose on softer-than-expected US inflation data, on hopes that rates might not have much further to climb and that the aggressive tightening cycle from the US Federal Reserve (Fed) was ending. However, any strong GDP or employment data print, whilst undercutting widespread expectations that the US was heading towards a recession, also gave rise to fears of "higher for longer" rates. Furthermore, rising government bond yields and persistent hawkish comments from the Fed that it remained open to additional hikes, if necessary, resulted in a market that was devoid of any sort of conviction.

The situation was further complicated by the sluggish Chinese economy. In July, the Chinese market rallied sharply after its top leaders pledged to roll out more policy support to shore up the nation's fledgling economy, with a focus to boost domestic demand and aid the ailing property market. However, the market gave back almost all gains in August as worries over the continued flagging economy, as well as the lack of vigorous stimulus measures from Beijing, weighed down investment sentiment. Subsequently, towards the year-end, improving economic data and promises of more monetary stimulus from the People's Bank of China helped to mitigate losses for Chinese equities.

For the period under review, the Asian healthcare markets lagged the broader Asia ex Japan markets. India was the best performing healthcare market. Within India, pharmaceuticals outperformed as they benefitted from lower price erosion in their base portfolio in the US generics market and domestic pharmaceutical growth continued to be stable at the 10% level, with low input cost pressures. In the first half of 2023, lower quality Indian pharmaceutical companies also outperformed as the pause on

rate hikes by the Reserve Bank of India brought relief to the market. Korean healthcare markets saw a respectable rally too. Korean biotech, in particular, Celltrion Group, outperformed as the merger between its operating companies was successfully concluded, streamlining the group's operations and removing intercompany transactions. In addition, the approval of key biosimilars from its development pipeline by the US FDA bodes well for earnings in 2024. China was the worst performing healthcare market in 2023. In early December, Wuxi Biologics, a leading biologics contract development and manufacturing organisation (CDMO) player in China, guided down full-year revenue and earnings growth, attributing the lower growth to a slowdown of its global CDMO business due to a weak funding environment, as well as a delay in three mega projects from Big Pharma due to delays in regulatory approval. As a result, the CXO sector in China took another leg down, leading to an overall lacklustre performance in the China healthcare sector.

Market Outlook & Strategy

Fundamental thesis for investing in Asian healthcare remains solid

The relatively benign market condition the world has experienced since the Global Financial Crisis is being unwound, and this new phase of "quantitative tightening" drains liquidity away from financial markets. At the same time, we appear to be near a peak in monetary tightening, and recent data points indicate inflation is in retreat. These suggest that a turning point is approaching, although it is still too early to celebrate as there remains the spectre of a US recession (though typically this provides a reset for an early-cycle asset class such as Asia). What we do know is this: the Fed has paused, the dollar is weakening, and some emerging market central banks have pivoted ahead of the US to take the lead in cutting interest rates.

On the other hand, geopolitics offers few signs of stability, with the Middle East the latest addition to uncertainty. Looking into the year ahead, there are many elections to get through in 2024, kicking off with Taiwan in January (which saw the Democratic Progressive Party remaining in power) and finishing with the US in November. With the likelihood of a possible second presidential term for Donald Trump in the US, it seems the stage is set for an eventful year. However, we would add that although election rhetoric during the course of a campaign may bring volatility, historically, there is scant evidence demonstrating their impact on an economy or market. As the saying goes, "years ago, fairy tales all began with 'Once upon a time...' now we know they all begin with 'if I am elected...'".

Turning our attention to Asia, the region has the potential to outgrow developed markets, driven by increases in output and consumer spending as confidence recovers in addition to supportive government policies targeted at enhancing business climates. Balance sheets are robust, valuations appealing and investor capitulation in the past year has made room for incremental exposure.

Two themes have dominated investing in the past year. First, the emergence of artificial intelligence (AI), led by ChatGPT, OpenAI's text-generating AI chatbot. Second, the energy transition away from fossil fuels to renewable energy sources. This has led to the outperformance of both the technology and energy sectors.

Healthcare has lagged, with China the key detractor. Hence, we ask ourselves: can China healthcare markets recover? We are optimistic for a recovery and keenly watch three key catalysts: one, we have seen Big Pharma ink large license-in deals in Chinese Antibody Drug Conjugates in the oncology space this year, with the latest deal worth nearly nine billion dollars in potential milestones and royalties. We expect data readouts in the coming year to result in pipelines rerating. Two, the blazing success of weight-loss drugs globally has electrified the pursuit of new treatments for obesity. The first obesity drug developed domestically is expected to complete clinical trials and submit for approval in 2024. Three, the expected turning point in the rate cycle could signal a change in macro winds, marking an

end to biotech's stock market malaise. In the US, the closely-watched XBI biotech index has recovered from more than 20% below to slightly above last year end's close, and we are starting to see the opening of the IPO market for biotech. This bodes well for the Chinese biotech and CXO sector.

In Korea, we continue to closely follow the launch trajectory of Alzheimer's drugs as well as HUMIRA biosimilars. In addition, we have invested in emerging Korean ideas in the fields of AI medical diagnostics, cell and gene therapies and medical aesthetics. We will continue to add to these growth segments in 2024.

In India, we perceive few drivers or catalysts for Indian pharmaceutical companies given their stretched valuation, but we remain positive on Indian hospitals, driven by structural domestic demand. In 2024, growth should continue to sustain as Indian hospitals improve their case mix by increasing their share of higher-end procedures, raising their share of insurance patients and upgrading operating efficiency.

Longer term, we believe that the fundamental thesis for investing in Asian Healthcare remains solid. Over the past five years, we have witnessed tremendous market expansion: healthcare reforms towards medical innovation have deepened in markets such as China and Korea, resulting in the emergence of new subsectors, for example, biotech, CXO and AI, greatly enhancing the opportunities for investing in Asian healthcare. We believe the evolution of Asian healthcare holds much potential for higher returns for investors. We urge investors to take the opportunity of any retreat to buy into this structural growth sector.

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 ASIA HEALTHCARE FUND

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

REPORT OF THE TRUSTEE

For the financial year ended 31 December 2023

The Trustee is under a duty to take into custody and hold the assets of Nikko AM Asia Healthcare 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 30, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

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

Authorised signatory
27 March 2024

NIKKO AM ASIA HEALTHCARE FUND

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

STATEMENT BY THE MANAGER

For the financial year ended 31 December 2023

In the opinion of Nikko Asset Management Asia Limited, the accompanying financial statements set out on pages 12 to 30, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of Nikko AM Asia Healthcare Fund (the "Fund") as at 31 December 2023, and the financial performance and movements in unitholders' funds for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

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

Authorised signatory
27 March 2024

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

Our Opinion

In our opinion, the accompanying financial statements of Nikko AM Asia Healthcare Fund (the "Fund"), are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants ("RAP 7"), so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 31 December 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 31 December 2023;
- the Statement of Financial Position as at 31 December 2023;
- the Statement of Movements of Unitholders' Funds for the financial year then ended;
- the Statement of Portfolio as at 31 December 2023; and
- the notes to the financial statements, including material accounting policy information.

Basis for Opinion

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

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

Independence

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

Other Information

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

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

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

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

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 27 March 2024

NIKKO AM ASIA HEALTHCARE FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial year ended 31 December 2023*

	Note	2023 S\$	2022 S\$
Income			
Dividends		601,428	646,190
Interest on cash and cash equivalents		91,991	36,337
		693,419	682,527
Less: Expenses			
Management fee		379,213	449,404
Transfer agent fee		2,380	2,462
Trustee fee		17,650	20,877
Custody fee		23,565	28,231
Audit fee		29,851	28,559
Valuation fee		23,534	27,836
Transaction costs		124,366	225,645
Other expenses*		83,988	72,559
		684,547	855,573
Net income/(loss)		8,872	(173,046)
Net gains or losses on value of investments			
Net losses on investments		(4,755,502)	(17,369,193)
Net foreign exchange losses		(196,566)	(144,399)
		(4,952,068)	(17,513,592)
Total deficit for the financial year before income tax		(4,943,196)	(17,686,638)
Less: Income tax	3	(50,816)	(57,940)
Total deficit for the financial year after income tax		(4,994,012)	(17,744,578)

* The balances include non-audit related fees paid to a network firm of the Fund's Auditor which amounted to Nil for 2023 (2022: SGD 9,208).

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

	Note	2023 S\$	2022 S\$
ASSETS			
Portfolio of investments		57,585,948	68,572,314
Sales awaiting settlement		191,833	257,559
Receivables	4	11,372	17,965
Cash and cash equivalents		1,301,751	4,553,278
Total assets		59,090,904	73,401,116
LIABILITIES			
Payables	5	219,766	165,315
Total liabilities		219,766	165,315
EQUITY			
Net assets attributable to unitholders	6	58,871,138	73,235,801

The accompanying notes form an integral part of these financial statements

NIKKO AM ASIA HEALTHCARE FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial year ended 31 December 2023*

	Note	2023 S\$	2022 S\$
Net assets attributable to unitholders at the beginning of the financial year		73,235,801	98,280,636
Operations			
Change in net assets attributable to unitholders resulting from operations		(4,994,012)	(17,744,578)
Unitholders' contributions/(withdrawals)			
Creation of units		-	-
Cancellation of units		(9,370,651)	(7,300,257)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		(9,370,651)	(7,300,257)
Total decreases in net assets attributable to unitholders		(14,364,663)	(25,044,835)
Net assets attributable to unitholders at the end of the financial year	6	58,871,138	73,235,801

The accompanying notes form an integral part of these financial statements

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

	Holdings at 31 December 2023	Fair value at 31 December 2023 S\$	Percentage of total net assets attributable to unitholders at 31 December 2023 %
Quoted Equities			
CHINA			
AIER Eye Hospital Group Company Limited	252,648	740,429	1.26
CanSino Biologics Incorporated	123,000	489,332	0.83
ClouDr Group Limited	255,000	295,079	0.50
CSPC Pharmaceutical Group Limited	2,929,680	3,593,058	6.10
Hangzhou Tigermed Consulting Company Limited	51,894	528,450	0.90
IMEIK Technology Development Company Limited	10,600	577,965	0.98
Innovent Biologics Incorporated	467,000	3,372,566	5.73
JD Health International Incorporated	137,350	907,220	1.54
Jiangsu Hengrui Pharmaceuticals Company Limited	282,417	2,366,349	4.02
Keymed Biosciences Incorporated	100,500	833,595	1.42
RemeGen Company Limited	46,000	291,016	0.50
Shanghai MicroPort MedBot Group Company Limited	167,000	588,207	1.00
Shenzhen Mindray Bio-Medical Electronics Company Limited	39,800	2,142,595	3.64
Sinopharm Group Company Limited	240,400	830,492	1.41
WuXi AppTec Company Limited – Class A	117,000	1,577,030	2.68
WuXi AppTec Company Limited – Class H	73,800	990,507	1.68
WuXi Biologics Cayman Incorporated	615,500	3,077,706	5.23
WuXi XDC Cayman Incorporated	125,774	679,905	1.15
Yixintang Pharmaceutical Group Company Limited	170,266	730,513	1.24
Total CHINA		24,612,014	41.81
HONG KONG SAR			
China Medical System Holdings Limited	762,000	1,781,552	3.03
HUTCHMED China Limited	374,000	1,813,263	3.08
Sino Biopharmaceutical Limited	899,750	527,423	0.89
Total HONG KONG SAR		4,122,238	7.00
INDIA			
Cipla Limited	83,178	1,646,855	2.80
Divi's Laboratories Limited	18,114	1,122,157	1.91
Dr Reddy's Laboratories Limited	18,730	1,722,365	2.92
Krishna Institute of Medical Sciences Limited	24,762	776,891	1.32
Rainbow Children's Medicare Limited	34,747	653,013	1.11
Sun Pharmaceutical Industries Limited	250,000	4,993,386	8.48
Torrent Pharmaceuticals Limited	16,014	583,167	0.99
Total INDIA		11,497,834	19.53
INDONESIA			
Kalbe Farma TBK PT	6,945,700	958,044	1.63
Medikaloka Hermina TBK PT	4,756,600	607,192	1.03
Total INDONESIA		1,565,236	2.66
SOUTH KOREA			
Celltrion Incorporated	27,529	5,681,498	9.65
Jeisys Medical Incorporated	100,840	1,083,442	1.84
Lunit Incorporated	7,327	614,621	1.05
Samsung Biologics Company Limited	6,337	4,932,814	8.38
ST Pharm Company Limited	14,778	1,026,225	1.74
Total SOUTH KOREA		13,338,600	22.66

The accompanying notes form an integral part of these financial statements

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

	Holdings at 31 December 2023	Fair value at 31 December 2023 S\$	Percentage of total net assets attributable to unitholders at 31 December 2023 %
Quoted Equities (continued)			
THAILAND			
Bangkok Dusit Medical Services Public Company Limited	654,300	701,699	1.19
Total THAILAND		701,699	1.19
UNITED STATES OF AMERICA			
BeiGene Limited	94,000	1,748,327	2.97
Total UNITED STATES OF AMERICA		1,748,327	2.97
Unquoted Equity			
CHINA			
China Animal Healthcare Limited	1,246,000	-	-
Total CHINA		-	-
Total Unquoted Equity		-	-
Total		57,585,948	97.82
Portfolio of investments		57,585,948	97.82
Other net assets		1,285,190	2.18
Net assets attributable to unitholders		58,871,138	100.00

The accompanying notes form an integral part of these financial statements

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

	Percentage of total net assets attributable to unitholders at 31 December 2023 %	Percentage of total net assets attributable to unitholders at 31 December 2022 %
Quoted Equities		
China	41.81	44.84
Hong Kong SAR	7.00	4.90
India	19.53	11.50
Indonesia	2.66	-
South Korea	22.66	19.91
Thailand	1.19	6.21
United States of America	2.97	6.27
Total Quoted Equities	97.82	93.63
Portfolio of investments	97.82	93.63
Other net assets	2.18	6.37
Net assets attributable to unitholders	100.00	100.00

The accompanying notes form an integral part of these financial statements

NIKKO AM ASIA HEALTHCARE FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2023***By Industry (Secondary)**

	Fair value at 31 December 2023 S\$	Percentage of total net assets attributable to unitholders at 31 December 2023 %	Percentage of total net assets attributable to unitholders at 31 December 2022 %
Biotechnology	12,347,555	20.97	20.94
Commercial Services	528,450	0.90	2.20
Healthcare-Products	5,595,796	9.51	7.44
Healthcare-Services	9,419,546	16.00	19.94
Pharmaceuticals	27,442,247	46.61	39.49
Retail	1,637,733	2.78	3.62
Software	614,621	1.05	-
Portfolio of investments	57,585,948	97.82	93.63
Other net assets	1,285,190	2.18	6.37
Net assets attributable to unitholders	58,871,138	100.00	100.00

The accompanying notes form an integral part of these financial statements

NIKKO AM ASIA HEALTHCARE FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

1. General

Nikko AM Asia Healthcare Fund (the "Fund") is a Singapore domiciled fund, constituted by a Trust Deed dated 12 January 2015 as amended by Supplemental 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").

There are five classes of units established within the Fund, namely the SGD Class A (denominated in SGD), the United States Dollar ("USD") Class A (denominated in USD), the USD Class B (denominated in USD), the Renminbi ("RMB") Class A (denominated in RMB) and the Japanese Yen ("JPY") Class (denominated in JPY). The classes differ in terms of their currency of denomination, management fee, initial sales charge, minimum initial and subsequent investment amounts, minimum holding amount, minimum realisation amount, method of subscription, distribution policy, use of forwards, the time period for payment of cancellation or realisation proceeds and number of decimal places for rounding of the issue price and realisation price per unit.

As of 31 December 2023 and 2022, only units in the JPY Class have been issued.

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

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

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

During the financial year ended 31 December 2023 and 2022, the Fund did not reach the swing threshold and no swing pricing has been applied.

2. Material accounting policy information

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

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial instruments at fair value and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" ("RAP 7") issued and revised by the Institute of Singapore Chartered Accountants in August 2023 for the financial year beginning on or after 1 January 2023.

NIKKO AM ASIA HEALTHCARE FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

(a) Basis of preparation (continued)

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

(b) Recognition of income

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

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

(c) Distributions

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

(d) Investments

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

(i) *Initial recognition*

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

(ii) *Subsequent measurement*

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

(iii) *Derecognition*

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

(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.

NIKKO AM ASIA HEALTHCARE FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (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 Japanese Yen ("JPY").

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 within the net foreign exchange gain or loss. Transactions during the year are recorded in Singapore Dollar at the rates of exchange ruling on transaction dates. All realised gains or losses are recognised in the Statement of Total Return.

(k) Expenses

Expenses are recognised in the Statement of Total Return as the related services are performed.

NIKKO AM ASIA HEALTHCARE FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

(l) Management fee

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

(m) Creation and cancellation of units

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

3. Income tax

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

Income tax for the financial year ended 31 December 2023 and 2022 comprises:

	2023 S\$	2022 S\$
Overseas income tax	50,816	57,940

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

4. Receivables

	2023 S\$	2022 S\$
Dividends receivable	11,372	17,947
Other receivables	-	18
	11,372	17,965

NIKKO AM ASIA HEALTHCARE FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***5. Payables**

	2023 S\$	2022 S\$
Amount due to the Manager	96,557	109,796
Amount due to the Trustee	13,813	5,115
Valuation fee payable	18,418	6,820
Transfer agent fee payable	1,830	606
Provision for audit fee	30,887	29,532
Custody fee payable	6,583	3,873
Other payables	51,678	9,573
	219,766	165,315

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

6. Units in issue

During the financial year ended 31 December 2023 and 2022, the number of units issued, redeemed and outstanding were as follows:

<u>JPY Class</u>	2023	2022
Units at beginning of the financial year	7,004,687,150	7,678,151,874
Units created	-	-
Units cancelled	(928,384,396)	(673,464,724)
Units at end of the financial year	6,076,302,754	7,004,687,150
Net assets attributable to unitholders - S\$	58,871,138	73,235,801
Net asset value per unit - S\$	0.009689	0.0104553

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>JPY Class</u>	2023 S\$	2022 S\$
Net assets attributable to unitholders per financial statements per unit	0.009689	0.0104553
Effect of adjustments of bid-ask prices per unit	-*	0.0000010
Effect for movement in the net assets value between the last dealing date and the end of the reporting period [^]	-*	0.0000002
Net assets attributable to unitholders for issuing/redeeming per unit	0.009689	0.0104565

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

* Effect is less than 0.000001

NIKKO AM ASIA HEALTHCARE FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

7. Financial risk management

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

The Fund's investment objective is to provide capital appreciation over the medium to long term. The Fund invests primarily in equities of companies which are principally involved in the development, production and/or distribution of health care products and services in Asia (excluding Japan) or are otherwise related to health care in Asia (excluding Japan).

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

(a) Market risk - Price risk

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

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

The Fund's market price risk is managed through diversification of the investment portfolio across various geographies globally.

The Fund is actively managed and uses the MSCI AC Asia ex Japan Health Care Index (the "Benchmark") as a benchmark for performance comparison purposes only. There are no restrictions on the extent to which the Fund's portfolio and performance may deviate from the Benchmark.

As at 31 December 2023, an increase/decrease of the index component within the Benchmark by 18% (2022: 21%), with all other variables remaining constant, the net assets attributable to unitholders for the year would increase/decrease by approximately 16% (2022: 19%). The analysis was based on the assumptions that the index components within the Benchmark increased/decreased by a reasonable possible shift, with all other variables held constant and that the fair value of Fund's investments moved according to the beta. Reasonable possible changes in market index percentage are revised annually depending on the Manager's current view on market volatility and other relevant factors.

(b) Market risk - Interest rate risk

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

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.

NIKKO AM ASIA HEALTHCARE FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

7. Financial risk management (continued)

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

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.

NIKKO AM ASIA HEALTHCARE FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

7. Financial risk management (continued)

(c) Market risk - Currency risk (continued)

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

As at 31 December 2023	JPY S\$	SGD S\$	HKD S\$	INR S\$	CNY S\$	KRW S\$	USD S\$	Others S\$	Total S\$
Assets									
Portfolio of investments	-	-	21,819,248	11,497,834	8,663,331	13,338,600	-	2,266,935	57,585,948
Sales awaiting settlement	-	-	-	-	-	191,833	-	-	191,833
Receivables	-	-	-	-	-	11,372	-	-	11,372
Cash and cash equivalents	446,873	67,549	129	-	1	-	787,199	-	1,301,751
Total assets	446,873	67,549	21,819,377	11,497,834	8,663,332	13,541,805	787,199	2,266,935	59,090,904
Liabilities									
Payables	-	219,766	-	-	-	-	-	-	219,766
Total liabilities	-	219,766	-	-	-	-	-	-	219,766
Net currency exposure	446,873	(152,217)	21,819,377	11,497,834	8,663,332	13,541,805	787,199	2,266,935	
As at 31 December 2022	JPY S\$	SGD S\$	HKD S\$	INR S\$	CNY S\$	KRW S\$	USD S\$	Others S\$	Total S\$
Assets									
Portfolio of investments	-	-	32,692,565	8,426,231	8,330,364	14,580,896	-	4,542,258	68,572,314
Sales awaiting settlement	-	-	257,559	-	-	-	-	-	257,559
Receivables	-	-	-	-	-	17,947	18	-	17,965
Cash and cash equivalents	486,873	25,070	14	-	-	-	4,041,321	-	4,553,278
Total assets	486,873	25,070	32,950,138	8,426,231	8,330,364	14,598,843	4,041,339	4,542,258	73,401,116
Liabilities									
Payables	-	165,315	-	-	-	-	-	-	165,315
Total liabilities	-	165,315	-	-	-	-	-	-	165,315
Net currency exposure	486,873	(140,245)	32,950,138	8,426,231	8,330,364	14,598,843	4,041,339	4,542,258	

NIKKO AM ASIA HEALTHCARE FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

7. 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, as part of the price risk sensitivity analysis.

As of 31 December 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 financial liabilities are analysed using contractual undiscounted cash flows for maturity groupings based on the remaining year at the Statement of Financial Position date to the contractual maturity date. As at 31 December 2023 and 2022, all liabilities are either payable upon demand or due in less than 3 months. The impact of discounting is not significant.

	<u>Less than 3 months</u>	
	As at	As at
	31 December	31 December
	2023	2022
	S\$	S\$
Payables	219,766	165,315
Contractual cash outflows	219,766	165,315

NIKKO AM ASIA HEALTHCARE FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

7. 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 31 December 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 custodian in which the Fund's assets are held as at 31 December 2023 and 2022.

	Credit rating as at 31 December 2023	Credit rating as at 31 December 2022	Source of credit rating
Bank and custodian			
- BNP Paribas, acting through its Singapore Branch	Aa3	Aa3	Moody's

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

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

(f) Capital management

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

NIKKO AM ASIA HEALTHCARE FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

7. Financial risk management (continued)

(g) Fair value estimation

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

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

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 31 December 2023 and 2022:

As at 31 December 2023	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
Assets				
Portfolio of investments:				
- Quoted equities	57,585,948	-	-	57,585,948
- Unquoted equity	-	-	-	-
	<u>57,585,948</u>	<u>-</u>	<u>-</u>	<u>57,585,948</u>
As at 31 December 2022	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
Assets				
Portfolio of investments:				
- Quoted equities	68,572,314	-	-	68,572,314
- Unquoted equity	-	-	-	-
	<u>68,572,314</u>	<u>-</u>	<u>-</u>	<u>68,572,314</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include active listed equities. 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.

There is no transfer in or out of Level 3 instruments for the financial year ended 31 December 2023 and 2022.

Investments classified within Level 3 have significant unobservable inputs as there are no readily available quoted market prices. As of 31 December 2023 and 2022, investment classified as Level 3 consists of 1 equity security for China Animal Healthcare Limited (the "Company"), which was suspended from trading on the relevant exchanges on 30 March 2015 due to delay in publication of its annual results for financial year ended 31 December 2014 as a result of unresolved audit matters. Given the lack of information and prolonged suspension, the Manager had deemed it prudent to write down the fair value of this security to zero value since the financial year ended 31 December 2016 and was classified as an Unquoted equity. On 30 January 2020, the listing of the shares of the Company has been cancelled on the Stock Exchange of Hong Kong Limited.

NIKKO AM ASIA HEALTHCARE FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

8. Related party transactions

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

	2023 S\$	2022 S\$
Bank balances held with related party of the Trustee	1,301,751	4,553,278

9. Financial ratios

Expense ratio

		2023	2022
<u>JPY Class</u>			
Total operating expenses	S\$	558,860	628,915
Average daily net asset value	S\$	65,282,965	77,262,536
Total expense ratio¹	%	0.86	0.81

Turnover ratio

		2023	2022
Lower of total value of purchases or sales	S\$	18,499,394	31,719,922
Average daily net asset value	S\$	65,282,965	77,262,536
Total turnover ratio²	%	28.34	41.05

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

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

NIKKO AM ASIA HEALTHCARE FUND

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

REPORT TO UNITHOLDERS

For the financial year ended 31 December 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 18.

2. Credit rating of debt securities

Nil.

3. Top 10 holdings

10 largest holdings at 31 December 2023

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Celltrion Incorporated	5,681,498	9.65
Sun Pharmaceutical Industries Limited	4,993,386	8.48
Samsung Biologics Company Limited	4,932,814	8.38
CSPC Pharmaceutical Group Limited	3,593,058	6.10
Innovent Biologics Incorporated	3,372,566	5.73
WuXi Biologics Cayman Incorporated	3,077,706	5.23
Jiangsu Hengrui Pharmaceuticals Company Limited	2,366,349	4.02
Shenzhen Mindray Bio-Medical Electronics Company Limited	2,142,595	3.64
HUTCHMED China Limited	1,813,263	3.08
China Medical System Holdings Limited	1,781,552	3.03

10 largest holdings at 31 December 2022

	Fair value S\$	Percentage of total net assets attributable to unitholders %
WuXi Biologics Cayman Incorporated	6,931,829	9.47
Celltrion Incorporated	5,769,974	7.88
Samsung Biologics Company Limited	4,895,646	6.68
BeiGene Limited	4,593,732	6.27
CSPC Pharmaceutical Group Limited	4,128,173	5.64
Sun Pharmaceutical Industries Limited	4,052,957	5.53
Bangkok Dusit Medical Services Public Company Limited	3,365,840	4.60
Innovent Biologics Incorporated	2,993,450	4.09
Shenzhen Mindray Bio-Medical Electronics Company Limited	2,437,751	3.33
WuXi AppTec Company Limited – Class H	2,432,679	3.32

4. Exposure to financial derivatives

Nil.

NIKKO AM ASIA HEALTHCARE FUND

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

REPORT TO UNITHOLDERS

For the financial year ended 31 December 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

Nil.

9. Borrowings

Nil.

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

S\$

Units created

-

Units cancelled

(9,370,651)

11. Turnover ratio

Please refer to Note 9 of the Notes to the Financial Statements on page 30.

12. Expense ratio

Please refer to Note 9 of the Notes to the Financial Statements on page 30.

13. Related party transactions

Please refer to Note 8 of the Notes to the Financial Statements on page 30.

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.

