

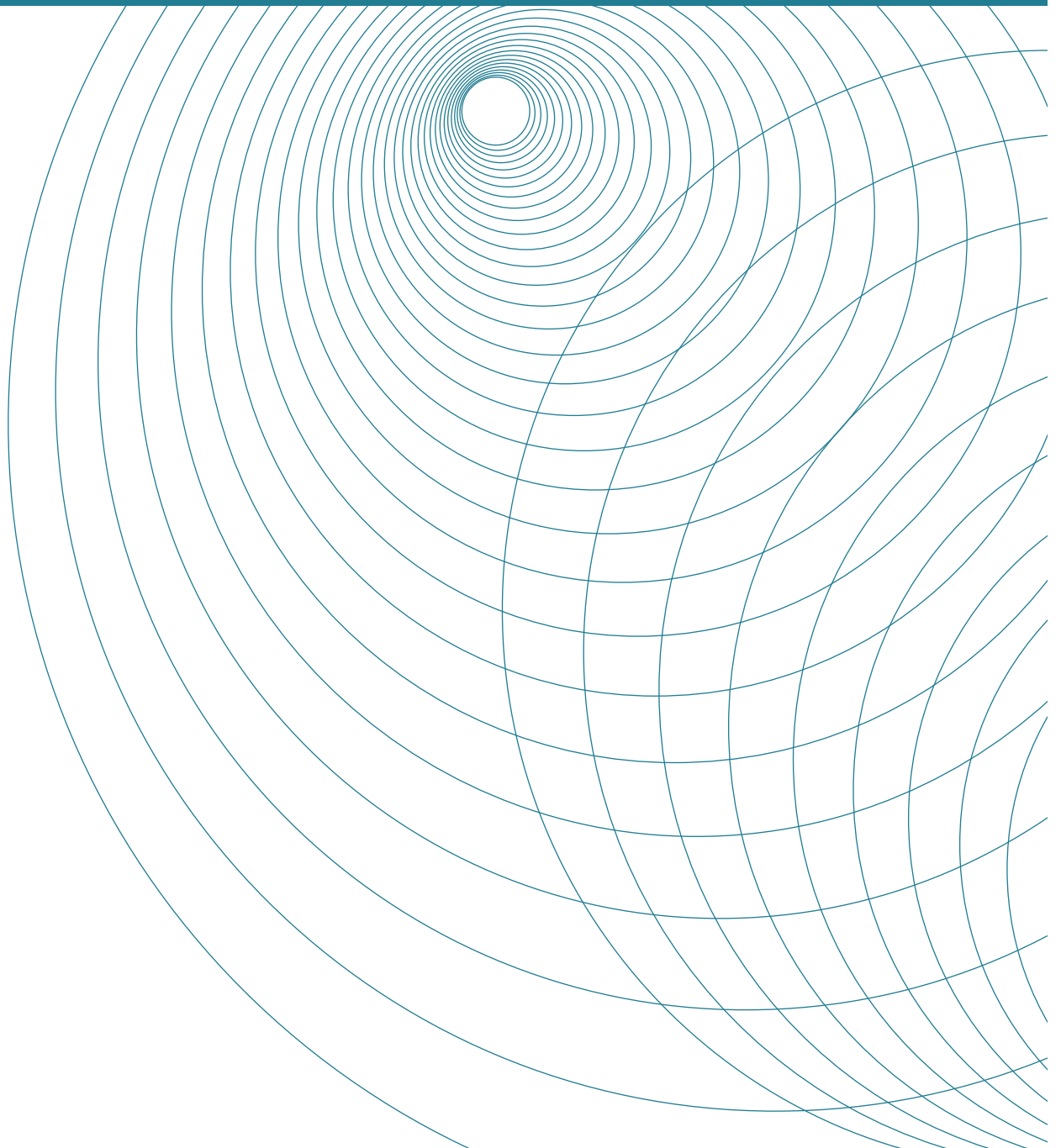
---

# **SEMI-ANNUAL REPORT**

## **Nikko AM Dynamic Bond Fund**

**Financial period ending 30 June 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**

Kiyotaka Ryu  
Seet Oon Hui Eleanor

**TRUSTEE & REGISTRAR**

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

**AUDITORS**

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

**CUSTODIAN**

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

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

## PERFORMANCE SUMMARY

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Dynamic Bond Fund - SGD Hedged Class	-1.72	1.54	0.47	N/A	N/A	N/A	-5.52

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

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Dynamic Bond Fund - SGD Hedged Class	-6.64	-3.54	-4.56	N/A	N/A	N/A	-7.68

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

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Dynamic Bond Fund - USD Hedged Class	-1.60	2.04	1.08	N/A	N/A	N/A	-5.41

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

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Dynamic Bond Fund - USD Hedged Class	-6.52	-3.06	-3.98	N/A	N/A	N/A	-7.58

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

**Inception date: 12 April 2021**

---

## **Portfolio Review**

### ***Fund returned 1.54% in 1H2023***

The Nikko AM Dynamic Bond Fund (the "Fund") posted a return of 1.54% (in SGD terms, on a NAV-NAV basis) in the six months to end June 2023.

## **Market Review**

The first half of 2023 has been eventful for fixed income markets. The first quarter started on a generally positive note with buoyant sentiment for risk assets and lower government bond yields. In February, inflation became once again a concern, given persistent strength in several macro readings coming from the United States (US), with government bond yields shifting higher, but risk assets still broadly behaving well.

In March, the focus shifted to financial stability with the first signs of turmoil in the US regional banking sector. Elevated stress at Silicon Valley Bank (SVB) and Signature Bank was thus spotted by market participants. In a matter of days, SVB, which had experienced a parabolic growth in its asset base in the last three years, collapsed. As stress and volatility increased in the US, concerns quickly mounted over the banking sector in Europe. Credit Suisse (CS) started to appear as the weak link. After the main shareholder publicly denied potential additional support to the Swiss bank, markets and more importantly depositors saw the declarations as an official sign of lack of confidence in the company's prospects. With deposits flowing out, in a hectic weekend the Swiss National Bank and the regulator FINMA stepped in, coordinating the emergency takeover by rival UBS. The final result was a complete write-down of Additional Tier-1 (AT1) investors, with equity holders receiving instead some recovery value in the form of UBS shares. Following this, markets rushed to re-price the risk for AT1 securities.

After these tumultuous events, market participants started to reassess the overall macro narrative, with a steep re-pricing of government bond yields and expectations for hikes from central banks. In particular, market pricing for terminal rates decreased across major developed markets, with meaningful rate cuts by the end of the year priced almost everywhere. Overall, the first quarter saw broadly lower government bond yields with Australian and US rates outperforming the rest of the developed markets, while emerging markets' external debt underperformed.

The later part of April witnessed some re-acceleration in deposit outflows in the US and the rapid capitulation of yet another US regional bank: First Republic. Clearly, developments on the deposits side and state of lending activity in the US and Europe remained a key area of focus for market participants. However, the spotlight quickly shifted to the US debt ceiling saga in May, as the deadline of a possible US government default approaches. Notwithstanding the positive turn in sentiment as US debt ceiling negotiations moved closer to an agreement towards the end of the period, market impact was mostly focused on the very short end of the US curve, with certain T-bill yields surpassing 7%, and also on US credit default swaps which widened materially. Risk assets did not see a meaningful impact.

On the macroeconomic front, we continue to see some progress in the disinflationary process in the US and Europe, with US headline inflation dropping to 4.0% on a year-on-year (YoY) basis. However, the pace of such progress so far has not been enough for central banks to justify a more dovish stance. Core numbers continued to show some stickiness in the US and actually surprised to the upside in the UK, which brought renewed hawkishness across major central banks. The Reserve Bank of Australia, Bank of Canada and the Bank of England surprised with unexpected hikes. Likewise, the European Central Bank continued its hawkish stance despite Germany entering into a technical recession with a second consecutive quarter of contraction, in line with weak

---

manufacturing data across the Eurozone. The US Federal Reserve (Fed) delivered a “hawkish skip”, pausing for the first time after 15 months in its rate hiking path but retained its tightening bias, signalling that two more increases are likely this year.

Overall, the second quarter saw broadly lower government yields, with short-term securities exhibiting a more meaningful increase versus longer-dated securities and the UK being the clear underperformer, with two years Gilt yields increasing almost 200 basis points. Positive risk sentiment instead drove credit spreads tighter, across investment grade and especially high-yield corporates. Emerging market hard currency spreads also saw meaningful tightening across corporates and sovereigns.

### **Market Outlook & Strategy**

In October 2022, we highlighted the heightened risk of financial accidents that might be generated from a sharp and abrupt tightening in financial conditions and monetary policy after a decade of easy money. The weakness of US regional banks and the contagion to CS is another sign of stress. Banking as a business is effectively based on maturity and liquidity mismatch, so an operating environment of persistently inverted yield curves and a sharp increase in government bond yields is clearly unhelpful. This does not mean of course that every bank should be seen as a potential default candidate. It means however, that weaker starting positions and business models that worked in an environment of low and stable rates might falter in this new higher rate environment.

Recent events also remind us that the effects of changes in monetary policy can be slow to manifest themselves, but once that happens, the manifestation can be meaningful (think about how a slow erosion can generate a landslide with time). Some historical computation shared by Deutsche Bank shows that the current decrease in US money supply, on a YoY basis, is the most meaningful since the 1930s. This shows the amount of tightening suffered by the US economy in the last 12 months. Our view remains that monetary policy acts with “long and variable lags”. Unintended consequences from the last 15 months of tightening are likely to materialise in the coming quarters and possibly in unexpected areas of the market / economy.

In the coming months, we remain on alert for material changes across job market data as a number of our leading indicators for the labour force suggest some softening lies ahead. For the moment, we can however say that the main possible consequence of recent events is additional tightening in lending standards. Over the last year, these have been deteriorating for Europe and particularly in the US. We believe one key reason for that will clearly be more uncertainty on the deposit base going forward. Independently from the perceived credit risk of certain banks, the differential between yields offered by banks deposits and money market mutual funds should continue to drive money out of the banking system (unless not adjusted via higher funding cost) and into money market funds or directly into treasury bills. This naturally constrains the ability of banks to lend. Furthermore, tighter lending standards have been historically associated with lower levels of loan growth (and therefore GDP growth) which raises the risk of a credit crunch scenario later in the year. Tighter lending standards also correlate closely with S&P margins, the unemployment rate and increasing stress across corporate credit markets. There are clear reasons to believe these relationships will hold for this cycle as well. During the first four months of 2023 so far, we have seen the highest number of corporate bankruptcies from since 2010 (Source: S&P Global).

To sum up, the three key points of our outlook did not change drastically:

1. From a growth standpoint, the US is edging closer to a hard landing thanks to weaker credit transmission. Liquidity conditions might also worsen in the coming months. Services have so far been the main driver of growth resiliency, but in areas where manufacturing is more

---

relevant, the slowdown is already pretty much clear (e.g., see Germany). Excess savings are eroding quickly also which calls into question the extent to which the consumer may continue to support the services sector.

2. We have been flagging that there are structural factors pointing towards lower inflation going forward. Lower contribution from consumer goods and commodity prices are key factors. Producer prices and supply chains show very encouraging signals. China is also now a source of deflation. The lagging nature of shelter inflation (which remains a substantial contribution to recent readings of core month-on-month CPI) implies that some time might still be needed for this to catch up with the stagnation we see in real-time rental markets. Tighter lending standards have been usually a good predictor for a higher unemployment rate in the US and in the Eurozone. In this sense, recent events might be what was “needed” to bring back balance to the job market. Rising unemployment typically triggers a recession which in turn have historically resulted in material collapses in inflation as aggregate demand shrinks rapidly.
3. After some short-term volatility, we believe that central banks might find less rationale for tighter monetary policy in the coming quarters and the time might be ripe for some kind of pause. In terms of investment implications:
  - We still find good value across government bonds in developed markets (especially United States, Australia and New Zealand) and in some emerging markets (South Korea and Brazil). There is still space for materially lower yields in the coming 12 to 18 months, and high-quality duration looks once more an effective hedge for credit volatility.
  - We still keep a relatively sizeable allocation to credit markets, especially in the developed markets high yield segment. Conditions might warrant more prudence in the coming quarters. As such, while we retain our allocation bias towards defensive sectors, shorter duration and secured bonds, in the last months we have started to modestly hedge some of our credit exposure.

---

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](http://www.nikkoam.com.sg)) before deciding whether to invest in the Fund.

The information contained herein may not be copied, reproduced or redistributed without the express consent of Nikko AM Asia. While reasonable care has been taken to ensure the accuracy of the information as at the date of publication, Nikko AM Asia does not give any warranty or representation, either express or implied, and expressly disclaims liability for any errors or omissions. Information may be subject to change without notice. Nikko AM Asia accepts no liability for any loss, indirect or consequential damages, arising from any use of or reliance on this document.

(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 DYNAMIC BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial period from 01 January 2023 to 30 June 2023 (unaudited)*

	<b>30 June 2023</b>	30 June 2022
	<b>EUR</b>	EUR
<b>Income</b>		
Dividends	<b>63,545</b>	52,695
Interest on cash and cash equivalents	<b>579</b>	8
	<b>64,124</b>	52,703
<b>Less: Expenses</b>		
Management fee	<b>15,295</b>	15,191
Management fee rebate	<b>(586)</b>	(560)
Expenses reimbursement	<b>(28,917)</b>	(20,032)
Transfer agent fee	<b>1,790</b>	1,159
Trustee fee	<b>1,534</b>	1,549
Audit fee	<b>3,683</b>	3,766
Valuation fee	<b>2,147</b>	2,169
Transaction costs	<b>2,737</b>	2,708
Other expenses	<b>14,551</b>	6,247
	<b>12,234</b>	12,197
<b>Net income</b>	<b>51,890</b>	40,506
<b>Net gains or losses on value of investments and financial derivatives</b>		
Net losses on investments	<b>(36,680)</b>	(398,136)
Net foreign exchange (losses)/gains	<b>(969)</b>	2,528
Net (losses)/gains on financial derivatives	<b>(55,487)</b>	150,272
	<b>(93,136)</b>	(245,336)
<b>Total deficit for the financial period before income tax</b>	<b>(41,246)</b>	(204,830)
<b>Less: Income tax</b>	<b>(137)</b>	(6)
<b>Total deficit for the financial period after income tax</b>	<b>(41,383)</b>	(204,836)

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

---

	30 June 2023 EUR	31 December 2022 EUR
<b>ASSETS</b>		
Portfolio of investments	2,416,846	2,086,526
Receivables	21,072	90,123
Cash and cash equivalents	39,830	27,348
Financial derivatives at fair value	7,117	-
<b>Total assets</b>	<b>2,484,865</b>	<b>2,203,997</b>
<b>LIABILITIES</b>		
Payables	10,177	12,430
Distributions payable	11,916	9,431
Financial derivatives at fair value	18,870	22,747
<b>Total liabilities</b>	<b>40,963</b>	<b>44,608</b>
<b>EQUITY</b>		
Net assets attributable to unitholders	<b>2,443,902</b>	<b>2,159,389</b>

---

**NIKKO AM DYNAMIC BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial period from 01 January 2023 to 30 June 2023 (unaudited)*

	<b>30 June 2023</b>	31 December 2022
	<b>EUR</b>	EUR
<b>Net assets attributable to unitholders at the beginning of the financial period/year</b>	<b>2,159,389</b>	2,137,600
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	<b>(41,383)</b>	(209,106)
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	<b>434,289</b>	549,286
Cancellation of units	<b>(46,639)</b>	(215,387)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	<b>387,650</b>	333,899
Distributions	<b>(61,754)</b>	(103,004)
Total increases in net assets attributable to unitholders	<b>284,513</b>	21,789
<b>Net assets attributable to unitholders at the end of the financial period/year</b>	<b>2,443,902</b>	2,159,389

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

<b>By Geography (Primary)</b>	<b>Holdings at 30 June 2023</b>	<b>Fair value at 30 June 2023 EUR</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2023 %</b>
<b>Quoted Investment Fund</b>			
<b>LUXEMBOURG</b>			
The Jupiter Global Fund - Jupiter Dynamic Bond Class I	307,096	2,416,846	98.89
<b>Total LUXEMBOURG</b>		<b>2,416,846</b>	<b>98.89</b>
<b>Total Quoted Investment Fund</b>		<b>2,416,846</b>	<b>98.89</b>
<b>Portfolio of investments</b>		<b>2,416,846</b>	<b>98.89</b>
<b>Other net assets</b>		<b>27,056</b>	<b>1.11</b>
<b>Net assets attributable to unitholders</b>		<b>2,443,902</b>	<b>100.00</b>
<b>By Geography (Summary)</b>			
		<b>Percentage of total net assets attributable to unitholders at 30 June 2023 %</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2022 %</b>
<b>Quoted Investment Fund</b>			
Luxembourg		98.89	96.63
<b>Total Quoted Investment Fund</b>		<b>98.89</b>	<b>96.63</b>
<b>Portfolio of investments</b>		<b>98.89</b>	<b>96.63</b>
<b>Other net assets</b>		<b>1.11</b>	<b>3.37</b>
<b>Net assets attributable to unitholders</b>		<b>100.00</b>	<b>100.00</b>

As the Fund is invested wholly into The Jupiter Global Fund-Jupiter Dynamic Bond, which is registered in Luxembourg, information on investment portfolio by industry segments is not presented as the Fund invests only into an underlying fund.

## NIKKO AM DYNAMIC BOND FUND

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

### REPORT TO UNITHOLDERS

For the financial period from 01 January 2023 to 30 June 2023 (unaudited)

---

The following contains additional information relating to the Fund.

#### 1. Distribution of investments

Please refer to the Statement of Portfolio on page 10.

#### 2. Credit rating of debt securities

Nil.

#### 3. Top 10 holdings

##### Largest holdings at 30 June 2023

	Fair value EUR	Percentage of total net assets attributable to unitholders %
The Jupiter Global Fund - Jupiter Dynamic Bond Class I	2,416,846	98.89

##### Largest holdings at 30 June 2022

	Fair value EUR	Percentage of total net assets attributable to unitholders %
The Jupiter Global Fund - Jupiter Dynamic Bond Class I	2,025,888	96.38

#### 4. Exposure to financial derivatives

	Fair value at 30 June 2023 EUR	Percentage of total net assets attributable to unitholders at 30 June 2023 %	Unrealised gains/(losses) EUR	Realised gains/(losses) EUR
Forward foreign exchange contracts	(11,753)	(0.48)	(11,753)	(43,734)

## NIKKO AM DYNAMIC BOND FUND

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

### REPORT TO UNITHOLDERS

For the financial period from 01 January 2023 to 30 June 2023 (unaudited)

---

#### 5. Global exposure to financial derivatives

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

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

#### 6. Collateral

Nil.

#### 7. Securities lending or repurchase transactions

Nil.

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

Please refer to the Statement of Portfolio on page 10.

#### 9. Borrowings

Nil.

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

	EUR
Units created	434,289
Units cancelled	(46,639)

#### 11. Turnover ratio

		30 June 2023	30 June 2022
Lower of total value of purchases or sales	EUR	<b>88,000</b>	160,000
Average daily net asset value	EUR	<b>2,378,420</b>	2,324,704
<b>Total turnover ratio<sup>1</sup></b>	<b>%</b>	<b>3.70</b>	6.88

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

## NIKKO AM DYNAMIC BOND FUND

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

### REPORT TO UNITHOLDERS

For the financial period from 01 January 2023 to 30 June 2023 (unaudited)

#### 12. Expense ratio

		30 June 2023	30 June 2022
<b><u>SGD Hedged Class</u></b>			
Total operating expenses	EUR	<b>14,853</b>	12,211
Average daily net asset value	EUR	<b>1,808,519</b>	1,471,558
<b>Total expense ratio<sup>2</sup></b> (including Underlying Fund's expense ratio)	%	<b>1.45</b>	1.45
Weighted average of the Underlying Fund's unaudited expense ratio	%	<b>0.63</b>	0.62
<b>30 June 2023</b> <b>30 June 2022</b>			
<b><u>USD Hedged Class</u></b>			
Total operating expenses	EUR	<b>3,767</b>	3,505
Average daily net asset value	EUR	<b>459,024</b>	423,747
<b>Total expense ratio<sup>2</sup></b> (including Underlying Fund's expense ratio)	%	<b>1.45</b>	1.45
Weighted average of the Underlying Fund's unaudited expense ratio	%	<b>0.63</b>	0.62

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

#### 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 and valuation fee are payable to a related company of the Trustee, BNP Paribas, acting through its Singapore Branch. Transfer agent fee is payable to BNP Paribas, acting through its Singapore Branch with effect from 1 April 2023.

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 2023 EUR	31 December 2022 EUR
Bank balances held with related party of the Trustee	<b>39,830</b>	27,348

## **NIKKO AM DYNAMIC BOND FUND**

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

### **REPORT TO UNITHOLDERS**

*For the financial period from 01 January 2023 to 30 June 2023 (unaudited)*

---

**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.

When executing orders, or placing orders with other entities for execution, that relate to financial instruments for, or on behalf of, the Underlying Fund, the Underlying Fund Investment Manager will not accept and retain any fees, commissions or monetary benefits; or accept any non-monetary benefits, where these are paid or provided by any third party. The Underlying Fund Investment Manager will return to the Underlying Fund as soon as reasonably possible after receipt any fees, commissions or any monetary benefits paid or provided by any third party or person acting on behalf of a third party in relation to the services provided to the Underlying Fund, and disclose in its annual report the fees, commissions or any monetary benefits transferred to them. However, the Underlying Fund Investment Manager may accept without disclosure minor non-monetary benefits that are capable of enhancing the quality of service provided to clients; and of a scale and nature such that they could not be judged to impair their compliance with its duty to act honestly, fairly and professionally in the best interest of clients.



## NIKKO AM DYNAMIC BOND FUND

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

### REPORT TO UNITHOLDERS

For the financial period from 01 January 2023 to 30 June 2023 (unaudited)

The details which follow make reference to the investments within The Jupiter Global Fund Jupiter Dynamic Bond, unless stated otherwise.

#### 1. Top 10 holdings

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

	Fair value EUR	Percentage of total net assets attributable to unitholders %
US Treasury Note/Bond 2.375% 15/02/2042	426,326,586	6.53
Korea Treasury Bond 2.375% 10/12/2031	385,657,511	5.91
Australian Government 1.75% 21/06/2051	290,462,594	4.45
US Treasury Note/Bond 2.875% 15/05/2052	233,346,971	3.57
Australian Government 3% 21/03/2047	173,029,717	2.65
US Treasury Note/Bond 3% 15/08/2052	157,229,500	2.41
Australian Government 3.75% 21/04/2037	124,865,447	1.91
Australian Government 4.5% 21/04/2033	121,791,837	1.87
Altice France Holding SA 8% 15/05/2027	91,122,074	1.40
New Zealand Government 1.75% 15/05/2041	86,541,816	1.33

##### 10 largest holdings at 30 June 2022

	Fair value EUR	Percentage of total net assets attributable to unitholders %
Government of The United States of America 2.375% 15-Feb-2042	640,337,023	8.41
Government of South Korea 2.375% 10-Dec-2031	422,692,176	5.55
Government of Australia 4.5% 21-Apr-2033	325,904,763	4.28
Government of Australia 1.75% 21-Jun-2051	314,906,003	4.14
Government of The United States of America 1.875% 15-Feb-2032	185,440,774	2.44
Government of Australia 3.75% 21-Apr-2037	147,263,719	1.93
Altice France Holding S.A. 8.0% 15-May-2027	131,739,472	1.73
Government of The United States of America 2.0% 15- Nov-2041	118,968,600	1.56
Government of Australia 3.0% 21-Mar-2047	83,615,205	1.10
Government of The United States of America 2.875% 15-May-2052	83,438,835	1.10

#### 2. Financial ratios

	30 June 2023 %	30 June 2022 %
Expense ratio <sup>1</sup>	0.64	0.64
Turnover ratio	13.59	37.84

<sup>1</sup> The expense ratio has been computed based on the total operating expenses divided by the average net asset value for the year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The average net asset value is based on the daily balances.

Intentionally left blank.

Intentionally left blank.



# ANNUAL REPORT

For the financial year ended 31 December 2022

**Nikko AM**  
**Dynamic Bond Fund**



**MANAGERS**

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

**DIRECTORS OF THE MANAGERS**

Kiyotaka Ryu  
Seet Oon Hui Eleanor  
Hiroki Tsujimura

**TRUSTEE & REGISTRAR**

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

**AUDITORS**

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

**CUSTODIAN**

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

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

## PERFORMANCE SUMMARY

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Dynamic Bond Fund SGD Hedged Class	2.36	-1.05	-14.68	N/A	N/A	N/A	-7.87

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

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Dynamic Bond Fund SGD Hedged Class	-2.75	-6.00	-18.94	N/A	N/A	N/A	-10.58

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

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Dynamic Bond Fund USD Hedged Class	2.63	-0.95	-14.54	N/A	N/A	N/A	-8.00

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

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Dynamic Bond Fund USD Hedged Class	-2.50	-5.90	-18.81	N/A	N/A	N/A	-10.70

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

**Inception date: 12 April 2021**



---

## **Portfolio Review**

### ***The Fund returned -14.68% in 2022***

The Nikko AM Dynamic Bond Fund (the "Fund") posted a return of -14.68% (in SGD terms, on a NAV-NAV basis) in the 12 months period ending December 2022.

### ***First quarter of 2022***

During the first quarter of 2022, the fund recorded a negative performance. A negative contribution came from US dollar (USD) and Australia dollar (AUD) duration exposure given the abrupt rise in yields across government bonds in those regions. Exposure to credit spreads were a more modest negative contributor. This predominantly came from our allocation to Emerging Markets (EM) corporates and, at the margin, from our investment grade corporate bond exposure. Most notably, while global high yield spreads have widened across the rating spectrum, spread contribution (ex-duration component) from our high yields (HY) exposure has been flat since the beginning of the year. Our high yield allocation has significantly outperformed broad HY indices thanks to the team's strong credit selection and conservative positioning (senior secured bonds in defensive sectors with a short-dated bias).

A minor negative contribution also came from our foreign exchange (FX) exposure, Developed Markets (DM) currencies detracted from returns, offset somewhat by a positive contribution from Brazilian real (BRL).

### ***Second quarter of 2022***

The biggest detractor to performance during the second quarter was the exposure to credit spreads, especially high yield spreads in the developed markets. A negative contribution also came from our duration exposure as government bond yields continued to rise. United States and Australia were the areas that provided most of the negative contribution. A minor negative contribution also came from our foreign exchange exposure (marginal long Japanese yen).

### ***Third quarter of 2022***

The biggest detractor to performance in the third quarter was our exposure to interest rates and in particular exposure to the US and Australian curves. Duration exposure in the Eurozone and in the United Kingdom coming from our corporate bond holdings in the region detracted as well. Exposure to credit spreads had a positive contribution to quarterly performance, as HY spreads across our book broadly tightened. Spread exposure in emerging market corporates contributed positively as well.

### ***Fourth quarter of 2022***

Going into the last quarter of 2022, the biggest positive contributor to the performance was our exposure to DM HY corporates as DM HY spreads saw a strong compression across the board and especially in Europe. A positive contribution came also from our exposure to investment grade (IG) corporates and EM corporates. The main negative contribution to the performance came from government bonds in developed markets and especially in Australia where yields have seen a meaningful rise during the quarter.

## **Market Review**

### ***First quarter of 2022***

The quarter has been extremely complex for fixed income markets and has been dominated mainly by two distinct forces/events. On one side elevated inflation prints pushed global central banks (and especially the US Federal Reserve (Fed)) to assume an increasingly hawkish posture. On the other end the Russian invasion of Ukraine increased uncertainty and the probability of left-tail scenarios, providing an additional source of volatility.

---

The year started with sharp moves and rotations across bond markets and risk assets. The trigger was the January 5 release of the Fed minutes, which betrayed a much more hawkish tone to the discussion at the December meeting than was revealed in the press release and conference at the time.

February was a volatile month for the markets. In the first half, we saw markets digesting hawkish comments from Fed officials and macro readings such as consumer price index and producer price index that were above expectations. The markets went as far as pricing a probability of more than 50% for a 50 basis points (bps) rate hike by the Fed in March. Fed minutes published on Feb. 16 showed no further hawkish move from the board, leading to a temporary stabilisation across rates. The focus turned to Ukraine in the second half. On Feb. 24, Russian President Vladimir Putin addressed his nation, announcing a “special military operation” against Ukraine. The situation caused a brief reversal in the rates market of the developed world, with 10-year Treasuries acting as a safe haven asset.

The first half of March was characterized by sharp volatility across risk assets. Equities continued to sell off and credit markets started to show notable signs of weakness. In subsequent weeks, however, markets started to reassess the broader risk environment. Equities staged a vigorous rally and credit spreads tightened in sympathy, closing the month at lower levels relative to the end of February.

Government bond yields saw a sharp increase in the first three months, with the 10-year Treasury yield closing the quarter at 2.34%. The 2-year yield saw an even more dramatic increase bringing the US yield curve into inversion territory (on average 18 months after a yield curve inversion the US economy has seen a recession).

From a macroeconomic standpoint March saw the first hike of the cycle from the Fed, bringing the Funds Rate band up to 0.25%-0.5%. Various Fed speakers, including Chair Jerome Powell exhibited an increasingly hawkish stance in public speeches, hinting at the possibility of 50bps rate hikes in the coming Federal Open Market Committee (FOMC) meetings. The market swiftly reacted, and now more than eight hikes are priced in over the next six Fed meetings.

### ***Second quarter of 2022***

The quarter has been extremely complex for fixed income markets and has been dominated mainly by two distinct forces. On the one hand, elevated inflation prints pushed global central banks (particularly the Fed) to assume an increasingly hawkish posture. On the other hand, especially in the month of June, growth concerns started to become more material and halted appetite for risk across financial markets.

Government bond yields continued to rise during the quarter, with the US 10 year closing June at 3.18% (74 bps) after briefly touching a peak of 3.5% during the month. Yields in other regions followed a similar trajectory, with the notable exception of Japan, given persistent yield curve control policies from the central bank.

Credit markets saw some weakness as well, with spreads materially widening in the second part of the quarter. The global high yield market in particular saw an overall widening of more than 200 bps, as investors started to digest lower growth prospects. Equity markets and most notably commodities closed the quarter down as well.

### ***Third quarter of 2022***

Third quarter was once again extremely complex for fixed income markets.

The Fed and other central banks renewed their hawkish posture, which was the main theme that

---

dominated the quarter. The FOMC reiterated the need to curb inflationary pressures on more than one occasion. Government bond yields fell sharply, and spreads tightened in July, but August and September were much more volatile.

The UK gilt market went into panic mode towards the end of the quarter, following the government's announcement of unfunded fiscal expenditure (also due to material futures exposure from Liability Driven Investment (LDI) mandates managed by UK pension funds), forcing the Bank of England (BOE) to intervene in the market with bond purchases to ensure financial stability.

Bond yields soared during the quarter, with the US 10-year yield closing at 3.83% (+82 bps) and the 10 years German bund yield closing at 2.11% (+77 bps). Real yields also saw a material increase as market-based inflation expectations declined.

The quarter was more mixed for credit markets. Global investment grade (IG) corporate spreads closed the quarter slightly wider, while global HY corporate spreads saw a modest tightening. Credit had a positive performance in the first part of the quarter. However, the conditions deteriorated in September.

#### ***Fourth quarter of 2022***

After a complex third quarter for financial markets and for fixed income, fourth quarter was a positive period, although with some areas of dispersion.

The period effectively saw two main catalysts: inflation slowed but central banks maintained their hawkish tone. US consumer price index (CPI) fell below consensus readings in both October and November. November US Core CPI in particular saw a month-on-month (MoM) growth of just 0.2%, signalling a deceleration in price pressures.

However, central banks tamed market enthusiasm by reaffirming a hawkish narrative. Both the Fed and the European Central Bank (ECB) highlighted inflationary risks in their speeches and statements in December. In the US, Fed Chairman Jerome Powell highlighted how a tight job market and inflationary pressures across core services ex-shelter are still a cause for concern. In the Eurozone, Christine Lagarde reinstated the need to further increase interest rates and announced the beginning of the Quantitative Tightening programme from March '23.

China has been another market mover as well, with the administration's dramatic U-turn effectively scrapping most of the COVID restrictions, leading to a reopening of the country, despite the spread in infections.

Across fixed income markets, US Treasury yields saw modest changes with the 30-year yield rising, the 10-year stable and the 5-year declining. EUR sovereign yields saw a sharp increase, while UK yields saw a meaningful drop. Spreads posted a strong compression, especially in the HY market, where Europe outperformed vs the US. In the EM space, China led a strong rally, while Asia HY space witnessed a meaningful recovery in the Asia HY space.

#### **Market Outlook & Strategy**

A number of quarters have passed since we started to highlight signs of weakness (or fatigue) in many major economies.

That has not changed. Central banks have already achieved significant levels of tightening, much of which is yet to affect global growth. Much slower growth, further tightening (including tapering),

---

lower medium-term inflation and increasing risks, are on the horizon. We have high conviction that these factors will eventually force central banks to pivot to preserve financial stability and avoid even worse economic outcomes. It's important to emphasise that it can take up to around 18 months for rate hikes to ripple through the economy.

After many years of low interest rates and easy monetary policy, we fear that hidden or underappreciated leverage has built up in parts of the market. Financial accidents tend to occur when such leverage moves into centre stage as a result of a meaningful market move that uncovers the vulnerability in the system. In the past, examples of such moves have been the US dollar rallying hard, a sustained increase in oil prices year over year or when longer dated interest rates hit certain thresholds. In the last 12/18 months we have suffered all three! Thus, we see the coming 12/18 months as a "crunch time" for financial markets and remain alert to early signs of further instability emerging. Liquidity is only set to get even tighter from here as more rate hikes are coming and the Fed continues with its aggressive quantitative tightening programme.

In our 'crunch time' thesis we see at least three major areas of weakness:

1. The sharp tightening in financial conditions and the possible second order ramifications that might follow. The volatility generated by LDI mandates in September in the UK is a clear example.
2. China. In the last months China has been covered slightly less from the press. The unwinding of a secular bubble for the property market however is still ongoing. With a longer time horizon, it is hard to reconcile an economy rooted in construction and infrastructure spending with worrying projections for population growth, a desire to avoid 'flood like easing' and staggeringly high GDP targets. A permanent step change down in economic growth is highly likely.
3. The housing market. While China has its own housing problems many developed markets are not in a bright position as well. After the parabolic growth in house prices experienced in the last years, United States, Australia, New Zealand and Great Britain are starting to experience more modest or even negative growth for house prices. Tighter financial conditions have made housing increasingly less affordable and while adjustable rate mortgages are not a major problem in the United States they are definitely a concern in the UK and in Australia.

The above are just some of the areas of fragility that we see at this point in time (other areas might be the energy crisis in Europe, geopolitics or liquidity mismatches), all of which have the potential to generate sharp and significant market pricing adjustments in the future.

Looking at the overall "health" of economic growth, as already highlighted in past months, leading indicators provide a relatively grim picture. Leading components of purchasing managers index (PMIs) (New Orders) across the globe point to lower growth, which is already feeding through to broad manufacturing, services and composite PMIs, de facto mostly below 50 across the globe. Early in January we saw further deterioration in PMIs. The ISM Services index in particular, which many were holding on to as a measure of strength within the US economy, collapsed from 56.5 to just 49.6 in December (versus expectations of 55).

This is reflected also in measures of confidence from corporate CEOs in the US. Consumers had a chance to catch some breath given the downward trend of fuel prices in the last few months, but sentiment, although recently improved, remains still quite depressed and the overall trend in real wages is clearly one of the main reasons. The housing market is continuing in its downwards

---

trajectory and we now see the final result of tightening financial conditions in actual house prices (materially down in July, August, September and October on a MoM basis).

The only two measures that appear still relatively “solid” are effectively those that the Fed is looking at: the job market and CPI. Both are slow moving and backward looking indicators.

In the job market unemployment remains low but looking at CEO confidence and what many corporates have been saying in recent months, hiring plans for '23 are under threat. We believe that the current number of job openings in the US might overstate the true depth of the job market given potential double counting from remote job openings. Additionally, the trend in growth of temporary employees might be an important leading indicator.

Inflation continues to be elevated in the US on a year over year basis. The last CPI report for November did show however additional positive signs, especially when looking at the month over month growth for Core CPI (+0.2%) and given the expectations for a gradually diminishing contribution from shelter CPI. At this point core services ex-shelter CPI remains the main worry for the Fed. Early January CPI prints in Europe also surprised to the downside.

The adjustment process for inflation has been extremely painful so far for investors, but it's not all grim. Valuations for fixed income assets on an all-in yield basis look attractive (especially relative to equities). Notwithstanding the recent positive performance, we still see a big opportunity in government bonds in the United States, Australia and South Korea as the global slowdown continues to unfold.

Certain areas of credit look also attractive. In recent months we have been able to source increasingly attractive paper in the IG market and especially across high quality systemic financials. Despite our overall exposure level, we still retain a cautious stance in HY with a broad preference for shorter duration bonds, defensive sectors and secured paper.

It's important to highlight however that the volatility of 2022 has created numerous pockets of opportunity for investors, with bonds at low risk of default in sectors such as technology, media, and telecom (TMT) offering yield to maturity of 8% to 10% in EUR. We see these as a compelling opportunity to generate materially positive returns on a 3-to-5-year horizon with very modest levels of credit risk for our investors. Allocation to emerging markets remains still quite modest, with preference for high quality corporates (hard currency) in Brazil, Czech Republic or Israel. If the Fed were effectively to show renewed signs of a pivot, we might assume a more constructive stance towards EM debt.

---

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](http://www.nikkoam.com.sg)) before deciding whether to invest in the Fund.

The information contained herein may not be copied, reproduced or redistributed without the express consent of Nikko AM Asia. While reasonable care has been taken to ensure the accuracy of the information as at the date of publication, Nikko AM Asia does not give any warranty or representation, either express or implied, and expressly disclaims liability for any errors or omissions. Information may be subject to change without notice. Nikko AM Asia accepts no liability for any loss, indirect or consequential damages, arising from any use of or reliance on this document.

(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 DYNAMIC BOND FUND**

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

### **REPORT OF THE TRUSTEE**

*For the financial year ended 31 December 2022*

---

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

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 14 to 35, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

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

---

Authorised signatory  
29 March 2023

## **NIKKO AM DYNAMIC BOND FUND**

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

### **STATEMENT BY THE MANAGER**

*For the financial year ended 31 December 2022*

---

In the opinion of Nikko Asset Management Asia Limited, the accompanying financial statements set out on pages 14 to 35, 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 Dynamic Bond Fund (the "Fund") as at 31 December 2022, and the financial performance and movements in unitholders' funds for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

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

---

Authorised signatory  
29 March 2023



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

**Our Opinion**

In our opinion, the accompanying financial statements of Nikko AM Dynamic Bond Fund (the "Fund"), are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants, so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 31 December 2022, and the financial performance and movements of unitholders' funds for the financial year ended on that date.

*What we have audited*

The financial statements of the Fund comprise:

- the Statement of Total Return for the financial year ended 31 December 2022;
- the Statement of Financial Position as at 31 December 2022;
- the Statement of Movements of Unitholders' Funds for the financial year ended 31 December 2022;
- the Statement of Portfolio as at 31 December 2022; and
- the notes to the financial statements, including a summary of significant accounting policies.

**Basis for Opinion**

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

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

*Independence*

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

**Other Information**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants  
Singapore, 29 March 2023

**NIKKO AM DYNAMIC BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial year ended 31 December 2022*

	Note	2022 EUR	For the financial period from 4 February 2021 (date of constitution) to 31 December 2021 EUR
<b>Income</b>			
Dividends		107,720	37,441
Interest on cash and cash equivalents		189	-
Other income		-	1,614
		<b>107,909</b>	<b>39,055</b>
<b>Less: Expenses</b>			
Management fee		29,579	11,331
Management fee rebate		(1,093)	(409)
Expenses reimbursement		(46,790)	(20,541)
Registrar fee		2,434	1,361
Trustee fee		3,184	1,953
Audit fee		6,980	5,684
Valuation fee		4,457	2,735
Transaction costs		5,325	2,347
Other expenses		20,093	5,429
		<b>24,169</b>	<b>9,890</b>
<b>Net income</b>		<b>83,740</b>	<b>29,165</b>
<b>Net gains or losses on value of investments and financial derivatives</b>			
Net losses on investments		(497,498)	(25,934)
Net foreign exchange gains		2,941	1,098
Net gains on financial derivatives		202,277	82,911
		<b>(292,280)</b>	<b>58,075</b>
<b>Total (deficit)/return for the financial year before income tax</b>		<b>(208,540)</b>	<b>87,240</b>
<b>Less: Income tax</b>	3	<b>(566)</b>	-
<b>Total (deficit)/return for the financial year after income tax</b>		<b>(209,106)</b>	<b>87,240</b>

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

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

---

	Note	2022 EUR	2021 EUR
<b>ASSETS</b>			
Portfolio of investments		<b>2,086,526</b>	2,029,024
Receivables	4	<b>90,123</b>	22,175
Cash and cash equivalents		<b>27,348</b>	95,234
Financial derivatives at fair value	6	-	12,391
<b>Total assets</b>		<b>2,203,997</b>	<b>2,158,824</b>
<b>LIABILITIES</b>			
Payables	5	<b>12,430</b>	9,678
Distributions payable	8	<b>9,431</b>	8,006
Financial derivatives at fair value	6	<b>22,747</b>	3,540
<b>Total liabilities</b>		<b>44,608</b>	<b>21,224</b>
<b>EQUITY</b>			
Net assets attributable to unitholders	7	<b>2,159,389</b>	<b>2,137,600</b>

---

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

**NIKKO AM DYNAMIC BOND 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 2022*

	Note	2022 EUR	For the financial period from 4 February 2021 (date of constitution) to 31 December 2021 EUR
<b>Net assets attributable to unitholders at the beginning of the financial year/period</b>		<b>2,137,600</b>	-
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		<b>(209,106)</b>	87,240
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		<b>549,286</b>	2,145,217
Cancellation of units		<b>(215,387)</b>	(57,651)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		<b>333,899</b>	2,087,566
Distributions	8	<b>(103,004)</b>	(37,206)
Total increases in net assets attributable to unitholders		<b>21,789</b>	2,137,600
<b>Net assets attributable to unitholders at the end of the financial year/period</b>	7	<b>2,159,389</b>	2,137,600

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

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

	Holdings at 31 December 2022	Fair value at 31 December 2022 EUR	Percentage of total net assets attributable to unitholders at 31 December 2022 %
<b>Quoted Investment Fund</b>			
<b>LUXEMBOURG</b>			
The Jupiter Global Fund - Jupiter Dynamic Bond Class I	262,126	2,086,526	96.63
<b>Total LUXEMBOURG</b>		<b>2,086,526</b>	<b>96.63</b>
<b>Total Quoted Investment Fund</b>		<b>2,086,526</b>	<b>96.63</b>
<b>Portfolio of investments</b>		<b>2,086,526</b>	<b>96.63</b>
<b>Other net assets</b>		<b>72,863</b>	<b>3.37</b>
<b>Net assets attributable to unitholders</b>		<b>2,159,389</b>	<b>100.00</b>

**By Geography (Summary)**

	Percentage of total net assets attributable to unitholders at 31 December 2022 %	Percentage of total net assets attributable to unitholders at 31 December 2021 %
<b>Quoted Investment Fund</b>		
Luxembourg	96.63	94.92
<b>Total Quoted Investment Fund</b>	<b>96.63</b>	<b>94.92</b>
<b>Portfolio of investments</b>	<b>96.63</b>	94.92
<b>Other net assets</b>	<b>3.37</b>	5.08
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

As the Fund is invested wholly into The Jupiter Global Fund - Jupiter Dynamic Bond, which is registered in Luxembourg, information on investment portfolio by industry segments is not presented as the Fund invests only into an underlying fund.

---

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

## **NIKKO AM DYNAMIC BOND FUND**

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

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

*For the financial year ended 31 December 2022*

---

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

#### **1. General**

Nikko AM Dynamic Bond Fund (the "Fund") is a standalone unit trust in Singapore, constituted under a Trust Deed dated 4 February 2021 (referred to as the "Deed"). The Deed is 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 currently five classes of units established within the Fund, namely the SGD Hedged Class, the SGD Hedged (Acc) Class, the USD Hedged Class, the AUD Hedged Class and the EUR Class.

The classes differ in terms of their currency of denomination. In addition, for the SGD Hedged Class, the SGD Hedged (Acc) Class, the AUD Hedged Class and the USD Hedged Class, the Managers intends to hedge the currency exposure of the assets of the Fund attributable to (a) the SGD Hedged Class and the SGD Hedged (Acc) Class into SGD, (b) the AUD Hedged Class into AUD, and (c) the USD Hedged Class into USD, through the use of currency forwards. Consequently, the net asset value ("NAV") per unit of each of the SGD Hedged Class, the SGD Hedged (Acc) Class, the AUD Hedged Class and the USD Hedged Class will take into account any gains or losses arising from the use of the currency forwards in respect of the relevant class. Classes denoted with "(Acc)" are accumulating share classes whilst other classes are distributing units classes.

As of 31 December 2022 and 2021, only units in the SGD Hedged Class and USD Hedged Class have been issued

#### **2. Significant accounting policies**

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

##### **(a) Basis of preparation**

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



## NIKKO AM DYNAMIC BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

---

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

##### (b) Recognition of income

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

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

##### (c) Expenses reimbursement

As stipulated in the Fund's prospectus, in respect of the existing five classes described in Note 1, the Managers intends to cap the total expense ratio of each class at 1.45% per class. Any fees and expenses that are payable by the relevant class and are in excess of the total expense ratio cap for such class will be borne by the Manager and not the class. The Manager reserves full discretion, to remove or vary the percentage of such cap by notification to unitholders. In addition, for new classes established subsequently, the Manager reserves the discretion not to impose a cap or to impose a different cap on such subsequent classes.

##### (d) 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.

##### (e) 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.

##### (f) Basis of valuation of investments

The fair value of investments held in the underlying fund is the quoted net asset value of the underlying fund as determined by the underlying fund's administrator.

## NIKKO AM DYNAMIC BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

---

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

(g) 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.

(h) 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.

(i) Payables

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

(j) Cash and cash equivalents

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

(k) Foreign currency translation

(i) *Functional and presentation currency*

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

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

(ii) *Transactions and balances*

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

## NIKKO AM DYNAMIC BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

---

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

##### (l) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

##### (m) Structured entities

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

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

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

##### (n) Financial derivatives

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

Financial derivatives outstanding at the end of the financial year are valued at forward rates or at current market prices using the "mark-to-market" method, as applicable, and the resultant gains and losses are taken up in the Statement of Total Return.

## NIKKO AM DYNAMIC BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

---

#### 3. Income tax

The Fund is under the Offshore Fund Scheme (Section 13D of the Income Tax Act and the relevant Regulations).

In accordance to Section 13D of Income Tax Act 1947 of Singapore, subject to certain conditions, the following income shall not form part of the statutory income of the Fund and is thus not taxable for the year of assessment:

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

Income tax for the financial year ended 31 December 2022 and 2021 comprises:

	<b>2022</b>	2021
	<b>EUR</b>	EUR
Singapore income tax	<b>566</b>	-

The Singapore tax represents tax charged on other income received by the Fund.

## NIKKO AM DYNAMIC BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

#### 4. Receivables

	2022 EUR	2021 EUR
Receivable from unitholders for creation of units	73,963	1,294
Dividends receivable	8,938	6,498
Amount due from the Manager	6,956	14,167
Other receivables	266	216
	<b>90,123</b>	<b>22,175</b>

Amount due from the Manager comprises management fee payable to and expenses reimbursement due from Nikko Asset Management Asia Limited.

#### 5. Payables

	2022 EUR	2021 EUR
Payable to unitholders for cancellation of units	2	-
Amount due to the Trustee	857	782
Valuation fee payable	1,200	1,095
Registrar fee payable	428	391
Provision for audit fee	6,641	6,082
Provision for tax liabilities	287	-
Other payables	3,015	1,328
	<b>12,430</b>	<b>9,678</b>

Trustee fee and registrar fee are payable to BNP Paribas Trust Services Singapore Limited. Valuation fee is payable to BNP Paribas, operating through its Singapore Branch.

#### 6. Financial derivatives

Financial derivatives comprise of forward foreign exchange contracts for purchases and sales of foreign currencies. The year-end positive and negative fair values represent the unrealised gains and losses respectively on revaluation of forward foreign exchange contracts at the Statement of Financial Position date. The contract or underlying principal amounts of these financial derivatives and their corresponding gross positive or negative fair values at Statement of Financial Position date are analysed below.

	Contract or underlying principal amount		Year-end positive fair value		Year-end negative fair value	
	2022 EUR	2021 EUR	2022 EUR	2021 EUR	2022 EUR	2021 EUR
Forward foreign exchange contracts	<b>2,278,133</b>	2,142,814	-	12,391	<b>(22,747)</b>	(3,540)

## NIKKO AM DYNAMIC BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

#### 6. Financial derivatives (continued)

The Fund also restricts its exposure to credit losses on the trading derivative instruments it holds by entering into master netting arrangements with approved brokers with whom it undertakes a significant volume of transactions. Master netting arrangements do not result in an offset of Statement of Financial Position assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Fund's overall exposure to credit risk on derivative instruments, subject to a master netting arrangement, can change substantially within a short period as it is affected by each transaction subject to the arrangement.

Financial assets and financial liabilities which are subject to enforceable master netting agreements or similar agreements for the year ended 31 December 2022 and 2021 are detailed in the following table.

##### (i) Offsetting financial assets

As at 31 December 2022 and 2021, there is no position of financial assets which are subject to enforceable master netting agreements or similar agreements

##### (ii) Offsetting financial liabilities

	Gross amounts of recognised financial liabilities EUR	Gross amounts of recognised financial assets set-off in the Statement of Financial Position EUR	Net amounts of financial liabilities presented in the Statement of Financial Position EUR	Related accounts not set-off in the Statement of Financial Position		
				Financial instruments EUR	Cash collateral EUR	Net exposure EUR
2022						
Forward foreign exchange contracts	(84)	-	(84)	-	-	(84)

	Gross amounts of recognised financial liabilities EUR	Gross amounts of recognised financial assets set-off in the Statement of Financial Position EUR	Net amounts of financial liabilities presented in the Statement of Financial Position EUR	Related accounts not set-off in the Statement of Financial Position		
				Financial instruments EUR	Cash collateral EUR	Net exposure EUR
2021						
Forward foreign exchange contracts	(3,540)	-	(3,540)	-	-	(3,540)

## NIKKO AM DYNAMIC BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

#### 7. Units in issue

During the year ended 31 December 2022 and 2021, the number of units issued, redeemed and outstanding were as follows:

<b><u>SGD Hedged Class</u></b>	<b>2022</b>	<b>2021</b>
Units at beginning of the financial year	<b>2,580,409</b>	-
Units created	<b>847,920</b>	2,672,424
Units cancelled	<b>(365,756)</b>	(92,015)
Units at end of the financial year	<b>3,062,573</b>	2,580,409

Net assets attributable to unitholders - EUR	<b>1,731,676</b>	1,670,726
Net asset value per unit - EUR	<b>0.565</b>	0.647

<b><u>USD Hedged Class</u></b>	<b>2022</b>	<b>2021</b>
Units at beginning of the financial year	<b>536,542</b>	-
Units created	<b>28,625</b>	536,542
Units cancelled	-	-
Units at end of the financial year	<b>565,167</b>	536,542

Net assets attributable to unitholders - EUR	<b>427,713</b>	466,874
Net asset value per unit - EUR	<b>0.757</b>	0.870

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:

<b><u>SGD Hedged Class</u></b>	<b>2022</b>	<b>2021</b>
	<b>EUR</b>	<b>EUR</b>
Net assets attributable to unitholders per financial statements per unit	<b>0.565</b>	0.647
Effects of distribution per unit	<b>0.003</b>	0.003
Effect for movement in the net assets value between the last dealing date and the end of the reporting period <sup>^</sup>	-*	-
Net assets attributable to unitholders for issuing/redeeming per unit	<b>0.568</b>	0.650

<b><u>USD Hedged Class</u></b>	<b>2022</b>	<b>2021</b>
	<b>EUR</b>	<b>EUR</b>
Net assets attributable to unitholders per financial statements per unit	<b>0.757</b>	0.870
Effects of distribution per unit	<b>0.003</b>	0.003
Effect for movement in the net assets value between the last dealing date and the end of the reporting period <sup>^</sup>	-*	-
Net assets attributable to unitholders for issuing/redeeming per unit	<b>0.760</b>	0.873

<sup>^</sup> 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 0.001

## NIKKO AM DYNAMIC BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

---

#### 8. Distributions

	2022 EUR	2021 EUR
January interim distribution of S\$0.30 (SGD Hedged Class) & US\$0.30 (USD Hedged Class) per 100 units in respect of the financial year ended 31 December 2022	7,359	-
February interim distribution of S\$0.33 (SGD Hedged Class) & US\$0.33 (USD Hedged Class) per 100 units in respect of the financial year ended 31 December 2022	8,247	-
March interim distribution of S\$0.32 (SGD Hedged Class) & US\$0.32 (USD Hedged Class) per 100 units in respect of the financial year ended 31 December 2022	8,149	-
April interim distribution of S\$0.39 (SGD Hedged Class) & US\$0.39 (USD Hedged Class) per 100 units in respect of the financial year ended 31 December 2022	10,366	-
May interim distribution of S\$0.25 (SGD Hedged Class) & US\$0.25 (USD Hedged Class) per 100 units in respect of the financial year ended 31 December 2022	6,693	-
June interim distribution of S\$0.36 (SGD Hedged Class) & US\$0.36 (USD Hedged Class) per 100 units in respect of the financial year ended 31 December 2022	9,318	-
July interim distribution of S\$0.32 (SGD Hedged Class) & US\$0.32 (USD Hedged Class) per 100 units in respect of the financial year ended 31 December 2022	8,314	-
August interim distribution of S\$0.36 (SGD Hedged Class) & US\$0.35 (USD Hedged Class) per 100 units in respect of the financial year ended 31 December 2022	9,293	-
September interim distribution of S\$0.35 (SGD Hedged Class) & US\$0.35 (USD Hedged Class) per 100 units in respect of the financial year ended 31 December 2022	9,320	-
October interim distribution of S\$0.34 (SGD Hedged Class) & US\$0.34 (USD Hedged Class) per 100 units in respect of the financial year ended 31 December 2022	8,853	-
November interim distribution of S\$0.30 (SGD Hedged Class) & US\$0.30 (USD Hedged Class) per 100 units in respect of the financial year ended 31 December 2022	7,661	-
December final distribution of S\$0.35 (SGD Hedged Class) & US\$0.35 (USD Hedged Class) per 100 units in respect of the financial year ended 31 December 2022	9,431	-



**NIKKO AM DYNAMIC BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2022***8. Distributions (continued)**

	<b>2022</b>	2021
	<b>EUR</b>	EUR
June interim distribution of S\$0.13 (SGD Hedged Class) & US\$0.17 (USD Hedged Class) per 100 units in respect of the financial year ended 31 December 2021	-	1,292
June additional distribution of S\$0.18 (SGD Hedged Class) & US\$0.14 (USD Hedged Class) per 100 units in respect of the financial year ended 31 December 2021	-	1,626
July interim distribution of S\$0.39 (SGD Hedged Class) & US\$0.39 (USD Hedged Class) per 100 units in respect of the financial year ended 31 December 2021	-	3,790
August interim distribution of S\$0.34 (SGD Hedged Class) & US\$0.33 (USD Hedged Class) per 100 units in respect of the financial year ended 31 December 2021	-	4,130
September interim distribution of S\$0.32 (SGD Hedged Class) & US\$0.32 (USD Hedged Class) per 100 units in respect of the financial year ended 31 December 2021	-	4,779
October interim distribution of S\$0.34 (SGD Hedged Class) & US\$0.34 (USD Hedged Class) per 100 units in respect of the financial year ended 31 December 2021	-	5,588
November interim distribution of S\$0.37 (SGD Hedged Class) & US\$0.37 (USD Hedged Class) per 100 units in respect of the financial year ended 31 December 2021	-	7,995
December final distribution of S\$0.37 (SGD Hedged Class) & US\$0.37 (USD Hedged Class) per 100 units in respect of the financial year ended 31 December 2021	-	8,006
	<b>103,004</b>	<b>37,206</b>

## NIKKO AM DYNAMIC BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

---

#### 9. Financial risk management

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

The Fund's investment objective is to achieve a high income with the prospect of capital growth. The Fund will invest directly or indirectly primarily in high yield bonds, investment grade bonds, government bonds, convertible bonds and other bonds.

The Manager seeks to achieve the investment objective of the Fund by investing all or substantially all of the Fund's assets into the Jupiter Dynamic Bond, a sub fund of The Jupiter Global Fund (the "Underlying Fund"), which seeks to achieve its investment objective of a high income with the prospect of capital growth from a portfolio of investments in global fixed interest securities.

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 is actively managed. There is no benchmark against which the performance of the Fund is measured as the Underlying Fund, which the Fund invests substantially into, is actively managed and is not managed by reference to a benchmark. The Manager has assessed that the price risk of the Fund is best reflected by movements in the Bloomberg Global Aggregate Total Return Index (2021: 50% ICE BofA Global Government Index and 50% ICE BofA Global High Yield Constrained Index) (the "Index").

As at 31 December 2022, an increase/decrease of the index component within the Index by 8% (2021: 12%), with all other variables remaining constant, the net assets attributable to unitholders for the year would increase/decrease by approximately 3% (2021: 4%). The analysis was based on the assumptions that the index components within the Index increased/decreased by a reasonable possible shift, with all other variables held constant and that the fair value of Fund's investments moved according to the beta. Reasonable possible changes in market index percentage are revised annually depending on the Manager's current view on market volatility and other relevant factors.

## NIKKO AM DYNAMIC BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

---

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

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

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

Investment funds that invest in 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.

As at 31 December 2022 and 2021, except for cash and cash equivalents with maturity period of less than 3 months, all other assets and liabilities are non-interest bearing. Changes in interest rates may also have an impact on the value of investment portfolios that consist of fixed income components within the Underlying Fund. The impact of a change in interest rates on the net assets attributable to unitholders is analysed in Note 9(a), where such a change has an impact on the benchmarked bond indices used in the price risk sensitivity analysis. Hence, no separate interest rate risk sensitivity analysis is presented.

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

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

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

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

As at 31 December 2022	EUR EUR	SGD EUR	USD EUR	Total EUR
<b>Assets</b>				
Portfolio of investments	2,086,526	-	-	2,086,526
Receivables	16,160	73,963	-	90,123
Cash and cash equivalents	17,678	8,419	1,251	27,348
<b>Total assets</b>	<b>2,120,364</b>	<b>82,382</b>	<b>1,251</b>	<b>2,203,997</b>
<b>Liabilities</b>				
Payables	-	12,430	-	12,430
Distributions payable	-	7,557	1,874	9,431
<b>Total liabilities</b>	<b>-</b>	<b>19,987</b>	<b>1,874</b>	<b>21,861</b>
<b>Net off-balance sheet derivative financial instruments</b>	<b>(2,173,815)</b>	<b>1,722,755</b>	<b>428,313</b>	
<b>Net currency exposure</b>	<b>(53,451)</b>	<b>1,785,150</b>	<b>427,690</b>	

## NIKKO AM DYNAMIC BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

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

As at 31 December 2021	EUR EUR	SGD EUR	USD EUR	Total EUR
<b>Assets</b>				
Portfolio of investments	2,029,024	-	-	2,029,024
Receivables	20,881	1,294	-	22,175
Cash and cash equivalents	36,462	38,186	20,586	95,234
<b>Total assets</b>	<b>2,086,367</b>	<b>39,480</b>	<b>20,586</b>	<b>2,146,433</b>
<b>Liabilities</b>				
Payables	-	9,678	-	9,678
Distributions payable	-	6,248	1,758	8,006
<b>Total liabilities</b>	<b>-</b>	<b>15,926</b>	<b>1,758</b>	<b>17,684</b>
<b>Net off-balance sheet derivative financial instruments</b>	<b>(2,130,500)</b>	<b>1,677,391</b>	<b>461,960</b>	
<b>Net currency exposure</b>	<b>(44,133)</b>	<b>1,700,945</b>	<b>480,788</b>	

Portfolio of investments, which is a significant item in the Statement of Financial Position is exposed to currency risk and other price risk. The Manager has considered the impact of currency risk sensitivity on non-monetary assets, which include listed investment funds, as part of the price risk sensitivity analysis.

The following table shows the Fund's sensitivity to major foreign currencies exposure, with respect to monetary assets and liabilities, with all other variables held constant. Changes in foreign currency rate are revised annually depending on the Manager's current view of market volatility and other relevant factors.

	Increase/decrease in foreign exchange rate (%)		Increase/decrease in net asset attributable to unitholders (%)	
		31 December 2022	31 December 2021	31 December 2021
SGD	6	4	5	3
USD	8	6	2	1

##### (d) Liquidity risk

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

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

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

The Fund's 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 2022 and 2021, all liabilities are either payable upon demand or due in less than 3 months. The impact of discounting is not significant.

## NIKKO AM DYNAMIC BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

---

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

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

	<u>Less than 3 months</u>	
	As at	As at
	31 December	31 December
	2022	2021
	EUR	EUR
Payables	12,430	9,678
Distributions payable	9,431	8,006
<b>Contractual cash outflows</b>		
<b>(excluding gross settled derivatives)</b>	<b>21,861</b>	<b>17,684</b>

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

	<u>Less than 3 months</u>	
	As at	As at
	31 December	31 December
	2022	2021
	EUR	EUR
<b>Currency forwards</b>		
- Outflow	(2,294,231)	(465,500)
- Inflow	2,271,484	461,960
<b>Net outflow</b>	<b>(22,747)</b>	<b>(3,540)</b>

##### (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 2022 and 2021, the Fund's financial assets held at amortised cost as disclosed in the Statement of Financial Position are realised within three months. The Manager considers the probability of default to be insignificant as the counterparties generally have a strong capacity to meet their contractual obligations in the near term. Hence, no loss allowance has been recognised based on the 12 month expected credit losses as any such impairment would be insignificant to the Fund.

## NIKKO AM DYNAMIC BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

---

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

##### (e) Credit risk (continued)

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

Credit risk arises from cash and cash equivalents and outstanding and committed transactions from brokers. The table below summarises the credit rating of bank and custodian in which the Fund's assets are held as at 31 December 2022 and 2021.

	Credit rating as at 31 December 2022	Credit rating as at 31 December 2021
<b>Bank and custodian</b>		
- BNP Paribas, operating through its Singapore Branch	<b>Aa3</b>	A+
<b>Counterparties of forward foreign exchange contracts</b>		
- Australia and New Zealand Bank	<b>Aa3</b>	AA-
- HSBC Bank	<b>A3</b>	A-

As at 31 December 2022, the credit ratings are based on Local Long-Term Bank Deposits from Moody's (2021: Long-Term Local Issuer Ratings from a well-known rating agency).

The custodian of the Underlying Fund is Citibank Europe Plc (Luxembourg). As at 31 December 2022, Citibank Europe Plc (Luxembourg) is rated A3 based on the Long Term Issuer Default rating by Moody's (2021: A+ by a well-known rating agency).

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

##### (f) Capital management

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

## NIKKO AM DYNAMIC BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

##### (g) Fair value estimation

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

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

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 31 December 2022 and 2021:

<b>As at 31 December 2022</b>	<b>Level 1 EUR</b>	<b>Level 2 EUR</b>	<b>Level 3 EUR</b>	<b>Total EUR</b>
<b>Assets</b>				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted investment fund	<b>2,086,526</b>	-	-	<b>2,086,526</b>
<b>Liabilities</b>				
Financial liabilities designated at fair value through profit or loss at inception:				
- Financial derivatives at fair value	-	<b>22,747</b>	-	<b>22,747</b>
<b>As at 31 December 2021</b>				
	<b>Level 1 EUR</b>	<b>Level 2 EUR</b>	<b>Level 3 EUR</b>	<b>Total EUR</b>
<b>Assets</b>				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted investment fund	2,029,024	-	-	2,029,024
- Financial derivatives at fair value	-	12,391	-	12,391
	<b>2,029,024</b>	<b>12,391</b>	-	<b>2,041,415</b>
<b>Liabilities</b>				
Financial liabilities designated at fair value through profit or loss at inception:				
- Financial derivatives at fair value	-	3,540	-	3,540

Investments in open-ended investment fund whose net asset value is struck daily, price information is published and readily available and units are subscribed and redeemable on demand at the published price, are classified within Level 1. The Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. This includes over the counter derivatives.

Except for cash and cash equivalents which are classified as Level 1, the Fund's assets and liabilities not measured at fair value at 31 December 2022 and 2021 have been classified as Level 2. The carrying amounts of these assets and liabilities approximate their fair values as at the Statement of Financial Position date.

## NIKKO AM DYNAMIC BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

---

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

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

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

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

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

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

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

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

#### 10. Related party transactions

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

	<b>2022</b>	2021
	<b>EUR</b>	EUR
Bank balances held with related party of the Trustee	<b>27,348</b>	95,234



## NIKKO AM DYNAMIC BOND FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

---

#### 11. Financial ratios

##### Expense ratio

		2022	2021
<b><u>SGD Hedged Class</u></b>			
Total operating expenses	EUR	<b>14,837</b>	5,498
Average daily net asset value	EUR	<b>1,780,291</b>	903,292
<b>Total expense ratio<sup>1</sup> (annualised)</b> (including the Underlying Fund's expense ratio)	%	<b>1.45</b>	1.45
Weighted average of the Underlying Fund's unaudited expense ratio	%	<b>0.62</b>	0.61

		2022	2021
<b><u>USD Hedged Class</u></b>			
Total operating expenses	EUR	<b>3,848</b>	1,823
Average daily net asset value	EUR	<b>461,614</b>	300,373
<b>Total expense ratio<sup>1</sup> (annualised)</b> (including the Underlying Fund's expense ratio)	%	<b>1.45</b>	1.45
Weighted average of the Underlying Fund's unaudited expense ratio	%	<b>0.62</b>	0.61

##### Turnover ratio

		2022	2021
Lower of total value of purchases or sales	EUR	<b>195,000</b>	10,000
Average daily net asset value	EUR	<b>2,241,905</b>	1,203,665
<b>Total turnover ratio<sup>2</sup></b>	%	<b>8.70</b>	0.83

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

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

#### 12. Comparatives

The financial statements for the current period are for the financial period from 1 January 2022 to 31 December 2022. The comparatives are for 4 February 2021 (date of constitution) to 31 December 2021. The comparative figures for the financial statements and related notes are therefore not comparable.

## NIKKO AM DYNAMIC BOND FUND

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

### REPORT TO UNITHOLDERS

For the financial year ended 31 December 2022

---

The following contains additional information relating to the Fund.

#### 1. Distribution of investments

Please refer to the Statement of Portfolio on page 17.

#### 2. Credit rating of debt securities

Nil.

#### 3. Top 10 holdings

##### Largest holdings at 31 December 2022

	Fair value EUR	Percentage of total net assets attributable to unitholders %
The Jupiter Global Fund - Jupiter Dynamic Bond Class I	2,086,526	96.63

##### Largest holdings at 31 December 2021

	Fair value EUR	Percentage of total net assets attributable to unitholders %
The Jupiter Global Fund - Jupiter Dynamic Bond Class I	2,029,024	94.92

#### 4. Exposure to financial derivatives

	Fair value at 31 December 2022 EUR	Percentage of total net assets attributable to unitholders 31 December 2022 %	Unrealised gains/(losses) EUR	Realised gains/(losses) EUR
Forward foreign exchange contracts	(22,747)	(1.05)	(22,747)	225,024

## NIKKO AM DYNAMIC BOND FUND

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

### REPORT TO UNITHOLDERS

For the financial year ended 31 December 2022

---

#### 5. Global exposure to financial derivatives

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

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

#### 6. Collateral

Nil.

#### 7. Securities lending or repurchase transactions

Nil.

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

Please refer to the Statement of Portfolio on page 17.

#### 9. Borrowings

Nil.

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

	EUR
Units created	549,286
Units cancelled	(215,387)

#### 11. Turnover ratio

Please refer to Note 11 of the Notes to the Financial Statements on page 35.

#### 12. Expense ratio

Please refer to Note 11 of the Notes to the Financial Statements on page 35.

#### 13. Related party transactions

Please refer to Note 10 of the Notes to the Financial Statements on page 34.

## **NIKKO AM DYNAMIC BOND FUND**

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

### **REPORT TO UNITHOLDERS**

*For the financial year ended 31 December 2022*

---

**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.

When executing orders, or placing orders with other entities for execution, that relate to financial instruments for, or on behalf of, the Underlying Fund, the Underlying Fund Investment Manager will not accept and retain any fees, commissions or monetary benefits; or accept any non-monetary benefits, where these are paid or provided by any third party. The Underlying Fund Investment Manager will return to the Underlying Fund as soon as reasonably possible after receipt any fees, commissions or any monetary benefits paid or provided by any third party or person acting on behalf of a third party in relation to the services provided to the Underlying Fund, and disclose in its annual report the fees, commissions or any monetary benefits transferred to them. However, the Underlying Fund Investment Manager may accept without disclosure minor non-monetary benefits that are capable of enhancing the quality of service provided to clients; and of a scale and nature such that they could not be judged to impair their compliance with its duty to act honestly, fairly and professionally in the best interest of clients.

## NIKKO AM DYNAMIC BOND FUND

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

### REPORT TO UNITHOLDERS

For the financial year ended 31 December 2022

The details which follow make reference to the investments within The Jupiter Global Fund - Jupiter Dynamic Bond, unless stated otherwise.

#### 1. Top 10 holdings

##### 10 largest holdings as at 31 December 2022

	Fair value EUR ('000)	Percentage of total net assets attributable to unitholders %
US Treasury Bond 2.375% 15/02/42	437,610	6.77
Korea (Republic Of) 2.375% 10/12/31	404,019	6.25
Australia (Commonwealth Of) 1.75% 21/06/51	301,118	4.66
US Treasury Bond 2.875% 15/05/52	235,757	3.65
Australia (Commonwealth Of) 3% 21/03/47	180,243	2.79
Australia (Commonwealth Of) 4.5% 21/04/33	160,077	2.48
Australia (Commonwealth Of) 3.75% 21/04/37	129,043	2.00
US Treasury Bond 3% 15/08/52	121,383	1.88
Altice France Holding SA 8% 15/05/27	115,108	1.78
Virgin Media Vendor Financing 4.875% 15/07/28	75,561	1.17

##### 10 largest holdings as at 31 December 2021

	Fair value EUR ('000)	Percentage of total net assets attributable to unitholders %
Government of The United States of America 1.125% 15-Feb-2031	596,787	5.88
Government of Australia 4.5% 21-Apr-2033	396,916	3.91
Government of Australia 1.75% 21-Jun-2051	287,416	2.83
Government of Japan 0.005% 01-Dec-2023	269,198	2.65
Government of The United States of America 1.625% 15-Aug-2029	207,027	2.04
JPMorgan Chase Bank N.A. 3.27% 19-Nov-2030	191,875	1.89
Government of Australia 3.75% 21-Apr-2037	169,249	1.67
Government of Australia 3.25% 21-Apr-2029	162,722	1.60
Altice France Holding S.A. 8.0% 15-May-2027	161,253	1.59
JPMorgan Chase Bank N.A. 3.13% 23-Nov-2029	135,151	1.33

#### 2. Financial Ratios

	2022 %	2021 %
Expense ratio <sup>1</sup>	0.64	0.64
Turnover ratio	55.20	51.12

<sup>1</sup> The expense ratio has been computed based on the total operating expenses divided by the average net asset value for the year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The average net asset value is based on the daily balances.

Intentionally left blank.



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

Company registration number 198202562H



# SEMI-ANNUAL REPORT

For the financial period ending 30 June 2022

**Nikko AM**  
**Dynamic Bond Fund**



**MANAGERS**

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

**DIRECTORS OF THE MANAGERS**

Kiyotaka Ryu  
Seet Oon Hui Eleanor  
Hiroki Tsujimura

**TRUSTEE & REGISTRAR**

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

**AUDITORS**

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

**CUSTODIAN**

Until 30 September 2022 (or such other date as may be determined from time to time):  
BNP Paribas Securities Services, operating through its Singapore Branch  
20 Collyer Quay, #01-01  
Singapore 049319

From 1 October 2022 (or such other date as may be determined from time to time):  
BNP Paribas, operating through its Singapore Branch  
20 Collyer Quay, #01-01  
Singapore 049319

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

## PERFORMANCE SUMMARY

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Dynamic Bond Fund SGD Hedged Class	-8.69	-13.77	-13.20	N/A	N/A	N/A	-10.17

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

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Dynamic Bond Fund SGD Hedged Class	-13.26	-18.08	-17.54	N/A	N/A	N/A	-13.87

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

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Dynamic Bond Fund USD Hedged Class	-8.82	-13.72	-13.33	N/A	N/A	N/A	-10.42

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

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Dynamic Bond Fund USD Hedged Class	-13.38	-18.04	-17.67	N/A	N/A	N/A	-14.12

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

**Inception date: 12 April 2021**

---

## **Portfolio Review**

### ***Fund returned -13.77% in 1H2022***

The Nikko AM Dynamic Bond Fund (the "Fund") posted a return of -13.77% (in SGD terms, on a NAV-NAV basis) in the six months to end June 2022.

## **Market Review**

The first year of 2022 has been extremely complex for fixed income markets and has been dominated mainly by three distinct forces/events. On the one hand, elevated inflation prints pushed global central banks (particularly the Federal Reserve (Fed)) to assume an increasingly hawkish posture. On the other hand, the Russian invasion of Ukraine increased uncertainty and the probability of left-tail scenarios, providing an additional source of volatility. Growth concerns started to become more material and halted appetite for risk across financial markets, especially in the month of June.

The year started with sharp moves and rotations across bond markets and risk assets. The trigger was the release of the Fed minutes on 5 January 2022, which betrayed a much more hawkish tone to the discussion at the December meeting than was revealed in the press release and conference at the time.

February was a volatile month for the markets. In the first half, we saw markets digesting hawkish comments from Fed officials and macro readings such as consumer price index and producer price index that were above expectations. The markets went as far as pricing a probability of more than 50% for a 50 basis points (bps) rate hike by the Fed in March. Fed minutes published on 16 February 2022 showed no further hawkish move from the board, leading to a temporary stabilization across rates. The focus turned to Ukraine in the second half of February. On 24 February 2022, Russian President Vladimir Putin addressed his nation, announcing a "special military operation" against Ukraine. The situation caused a brief reversal in the rates market of the developed world, with 10-year Treasuries acting as a safe haven asset.

The first half of March was characterized by sharp volatility across risk assets. Equities continued to sell off and credit markets started to show notable signs of weakness. In subsequent weeks, however, markets started to reassess the broader risk environment. Equities staged a vigorous rally and credit spreads tightened in sympathy, closing the month at lower levels relative to the end of February.

Government bond yields saw a sharp increase in the first three months, with the 10-year treasury yield closing the quarter at 2.34%. The 2-year yield saw an even more dramatic increase bringing the US yield curve into inversion territory (on average 18 months after a yield curve inversion the US economy has seen a recession).

From a macroeconomic standpoint, March saw the first hike of the cycle from the Fed, bringing the Funds Rate band up to 0.25-0.5%. Various Fed speakers, including Chair Jerome Powell exhibited an increasingly hawkish stance in public speeches, hinting at the possibility of 50 bps rate hikes in the coming Federal Open Market Committee (FOMC) meetings. The market swiftly reacted, and now more than eight hikes are priced in over the next six Fed meetings.

Government bond yields continued to rise during the second quarter of 2022, with the 10-year treasury yield closing June at 3.18% after briefly touching a peak of 3.5% during the month. Yields in other regions followed a similar trajectory, with the notable exception of Japan, given persistent yield curve control policies from the central bank.

---

Credit markets saw some weakness as well, with spreads materially widening in the second part of the second quarter. The global high yield market in particular saw an overall widening of more than 200 bps during the second quarter, as investors started to digest lower growth prospects. Equity markets and most notably commodities closed the quarter down as well.

### **Market Outlook & Strategy**

Our thesis remains that we are heading towards a sharp slowdown. In such a scenario, the lack of growth will be unable to support inflation, and central banks will be forced to pivot. With the demand side now faltering and money supply growth falling rapidly, we believe inflation is likely to tail off swiftly in the second half of this year. Our contrarian macro thesis that we have been pitching for much of this year is slowly starting to unfold. The slower growth picture is becoming more mainstream. We believe it is only a matter of time before the lower inflation view becomes consensus as well. As Milton Friedman, one of the fathers of monetarism said, "The only cure for inflation is to reduce the rate at which total spending is growing."

The material reduction in the capability to spend from consumers across the world is the most important threat to growth and inflation. Some factors driving this reduction are:

1. The dramatic increase in commodity prices and especially agricultural and energy commodities experienced in the last 12 months. The increases in energy and food prices that we are experiencing now have always historically been followed by a recession.
2. The negative wealth effect coming from the drawdown in financial markets seen so far this year: a global wealth reduction of \$35 trillion dollars.
3. A material amount of tightening has already been achieved by central banks – over 200 rate hikes since 2021, much tighter money supply, and a stronger US dollar (USD).

Lower discretionary spending should translate to lower demand. Inventories have built up massively this year. Companies such as Samsung recently admitted to an inventory problem. US retail bellwether companies have been talking about price cutting and even asked customers not to return goods they have been refunded for. This is disinflationary and reduces growth.

The increase in mortgage rates is a huge headwind for US housing, which contributes 15-20% of gross domestic product (GDP). Housing affordability in the US has reached the lowest level since 2008. After a parabolic increase in house prices, less affordable housing would be expected to lead to a slowdown. Typically, where housing goes, the US economy goes. Shelter has been a big component of increases in Core consumer price index (CPI), and a decrease in house prices points to a slowdown, albeit gradual.

Core CPI has already peaked and will likely continue to slow. Headline CPI, which includes fuel and energy, is less predictable. The last few weeks has seen signs of peaking in energy and agricultural commodities, including material sell offs in copper, lumber, cotton, and others. We believe they are bellwethers of much lower inflation to come.

We believe a rapid slowdown in growth and cooling of inflation will challenge the ability of global central banks to keep tightening. There is a material risk that central banks, who have made an enormous hawkish shift over the last twelve months, will overtighten, causing a hard landing and therefore even more volatility.

---

Hence, we expect yet another pivot from the Fed later this year. Should this pivot materialize, we expect a material reversal in yields. We thus continue to like government bonds and duration in developed markets such as the United States, New Zealand, and Australia. Earlier this year we initiated a position in South Korean sovereign bonds. With a property and debt bubble and a demographic cliff, we believe their ability to hike rates without popping these somewhat inflated bubbles is limited.

On credit, given our slowdown thesis, we would still need to see additional widening in spreads to increase materially our risk stance from here. Nevertheless, as markets become more volatile, we are seeing increasing opportunities for value generation for our investors.

---

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](http://www.nikkoam.com.sg)) before deciding whether to invest in the Fund.

The information contained herein may not be copied, reproduced or redistributed without the express consent of Nikko AM Asia. While reasonable care has been taken to ensure the accuracy of the information as at the date of publication, Nikko AM Asia does not give any warranty or representation, either express or implied, and expressly disclaims liability for any errors or omissions. Information may be subject to change without notice. Nikko AM Asia accepts no liability for any loss, indirect or consequential damages, arising from any use of or reliance on this document.

#### **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 DYNAMIC BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial period from 01 January 2022 to 30 June 2022 (unaudited)*

---

	<b>30 June 2022</b>
	<b>EUR</b>
<b>Income</b>	
Dividends	52,695
Interest on cash and cash equivalents	8
	<u>52,703</u>
<b>Less: Expenses</b>	
Management fee	15,191
Management fee rebate	(560)
Expenses reimbursement	(20,032)
Registrar fee	1,159
Trustee fee	1,549
Audit fee	3,766
Valuation fee	2,169
Transaction costs	2,708
Other expenses	6,247
	<u>12,197</u>
<b>Net income</b>	<u>40,506</u>
<b>Net gains or losses on value of investments and financial derivatives</b>	
Net losses on investments	(398,136)
Net foreign exchange gains	2,528
Net gains on financial derivatives	150,272
	<u>(245,336)</u>
<b>Total (deficit) for the financial period before income tax</b>	<b>(204,830)</b>
<b>Less: Income tax</b>	<b>(6)</b>
<b>Total (deficit) for the financial period after income tax</b>	<b><u>(204,836)</u></b>

## NIKKO AM DYNAMIC BOND FUND

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

### STATEMENT OF FINANCIAL POSITION

As at 30 June 2022 (unaudited)

---

	30 June 2022 EUR	31 December 2021 EUR
<b>ASSETS</b>		
Portfolio of investments	2,025,888	2,029,024
Receivables	11,325	22,175
Cash and cash equivalents	42,138	95,234
Financial derivatives at fair value	39,974	12,391
<b>Total assets</b>	<b>2,119,325</b>	<b>2,158,824</b>
<b>LIABILITIES</b>		
Payables	7,731	9,678
Distribution payable	9,046	8,006
Financial derivatives at fair value	610	3,540
<b>Total liabilities</b>	<b>17,387</b>	<b>21,224</b>
<b>EQUITY</b>		
Net assets attributable to unitholders	<b>2,101,938</b>	<b>2,137,600</b>

---

**NIKKO AM DYNAMIC BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial period from 01 January 2022 to 30 June 2022 (unaudited)*

	<b>30 June 2022</b>	For the financial period from 4 February 2021 (date of constitution) to 31 December 2021
	EUR	EUR
<b>Net assets attributable to unitholders at the beginning of the financial period</b>	<b>2,137,600</b>	-
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	<b>(204,836)</b>	87,240
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	<b>404,234</b>	2,145,217
Cancellation of units	<b>(185,200)</b>	(57,651)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	<b>219,034</b>	2,087,566
Distributions	<b>(49,860)</b>	(37,206)
Total (decreases)/increases in net assets attributable to unitholders	<b>(35,662)</b>	2,137,600
<b>Net assets attributable to unitholders at the end of the financial period</b>	<b>2,101,938</b>	2,137,600

**NIKKO AM DYNAMIC BOND FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2022 (unaudited)***By Geography (Primary)**

	Holdings at 30 June 2022	Fair value at 30 June 2022 EUR	Percentage of total net assets attributable to unitholders at 30 June 2022 %
<b>Quoted Investment Fund</b>			
<b>LUXEMBOURG</b>			
The Jupiter Global Fund - Jupiter Dynamic Bond Class I	243,204	2,025,888	96.38
<b>Total LUXEMBOURG</b>		<b>2,025,888</b>	<b>96.38</b>
<b>Total Quoted Investment Fund</b>		<b>2,025,888</b>	<b>96.38</b>
<b>Portfolio of investments</b>		<b>2,025,888</b>	<b>96.38</b>
<b>Other net assets</b>		<b>76,050</b>	<b>3.62</b>
<b>Net assets attributable to unitholders</b>		<b>2,101,938</b>	<b>100.00</b>

**By Geography (Summary)**

	Percentage of total net assets attributable to unitholders at 30 June 2022 %	Percentage of total net assets attributable to unitholders at 31 December 2021 %
<b>Quoted Investment Fund</b>		
Luxembourg	96.38	94.92
<b>Total Quoted Investment Fund</b>	<b>96.38</b>	<b>94.92</b>
<b>Portfolio of investments</b>	<b>96.38</b>	<b>94.92</b>
<b>Other net assets</b>	<b>3.62</b>	<b>5.08</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

As the Fund is invested wholly into The Jupiter Global Fund - Jupiter Dynamic Bond, which is registered in Luxembourg, information on investment portfolio by industry segments is not presented as the Fund invests only into an underlying fund.

## NIKKO AM DYNAMIC BOND FUND

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

### REPORT TO UNITHOLDERS

For the financial period from 01 January 2022 to 30 June 2022 (unaudited)

---

The following contains additional information relating to the Fund.

**1. Distribution of investments**

Please refer to the Statement of Portfolio on page 10.

**2. Credit rating of debt securities**

Nil.

**3. Top 10 holdings**

Largest holdings at 30 June 2022

	Fair value EUR	Percentage of total net assets attributable to unitholders %
The Jupiter Global Fund - Jupiter Dynamic Bond Class I	2,025,888	96.38

**4. Exposure to financial derivatives**

	Fair value at 30 June 2022 EUR	Percentage of total net assets attributable to unitholders 30 June 2022 %	Unrealised gains/(losses) EUR	Realised gains/(losses) EUR
Forward foreign exchange contracts	39,364	1.87	39,364	110,908

## NIKKO AM DYNAMIC BOND FUND

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

### REPORT TO UNITHOLDERS

For the financial period from 01 January 2022 to 30 June 2022 (unaudited)

---

#### 5. Global exposure to financial derivatives

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

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

#### 6. Collateral

Nil.

#### 7. Securities lending or repurchase transactions

Nil.

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

Please refer to the Statement of Portfolio on page 10.

#### 9. Borrowings

Nil.

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

	EUR
Units created	404,234
Units cancelled	(185,200)

#### 11. Turnover ratio

		30 June 2022
Lower of total value of purchases or sales	EUR	160,000
Average daily net asset value	EUR	2,324,704
<b>Total turnover ratio<sup>1</sup></b>	<b>%</b>	<b><u>6.88</u></b>

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

## NIKKO AM DYNAMIC BOND FUND

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

### REPORT TO UNITHOLDERS

For the financial period from 01 January 2022 to 30 June 2022 (unaudited)

---

#### 12. Expense ratio

		<b>30 June 2022</b>
<b><u>SGD Hedged Class</u></b>		
Total operating expenses	EUR	<b>12,211</b>
Average daily net asset value	EUR	<b>1,471,558</b>
<b>Total expense ratio<sup>2</sup></b> (including the Underlying Fund's expense ratio)	%	<b>1.45</b>
Weighted average of the Underlying Fund's unaudited expense ratio	%	<b>0.62</b>
		<b>30 June 2022</b>
<b><u>USD Hedged Class</u></b>		
Total operating expenses	EUR	<b>3,505</b>
Average daily net asset value	EUR	<b>423,747</b>
<b>Total expense ratio<sup>2</sup></b> (including the Underlying Fund's expense ratio)	%	<b>1.45</b>
Weighted average of the Underlying Fund's unaudited expense ratio	%	<b>0.62</b>

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

#### 13. Related party transactions

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

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

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

	<b>30 June 2022</b>	31 December 2021
	EUR	EUR
Bank balances held with related party of the Trustee	<b>42,138</b>	95,234

---

## **NIKKO AM DYNAMIC BOND FUND**

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

### **REPORT TO UNITHOLDERS**

*For the financial period from 01 January 2022 to 30 June 2022 (unaudited)*

---

**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.

When executing orders, or placing orders with other entities for execution, that relate to financial instruments for, or on behalf of, the Underlying Fund, the Underlying Fund Investment Manager will not accept and retain any fees, commissions or monetary benefits; or accept any non-monetary benefits, where these are paid or provided by any third party. The Underlying Fund Investment Manager will return to the Underlying Fund as soon as reasonably possible after receipt any fees, commissions or any monetary benefits paid or provided by any third party or person acting on behalf of a third party in relation to the services provided to the Underlying Fund, and disclose in its annual report the fees, commissions or any monetary benefits transferred to them. However, the Underlying Fund Investment Manager may accept without disclosure minor non-monetary benefits that are capable of enhancing the quality of service provided to clients; and of a scale and nature such that they could not be judged to impair their compliance with its duty to act honestly, fairly and professionally in the best interest of clients.



## NIKKO AM DYNAMIC BOND FUND

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

### REPORT TO UNITHOLDERS

For the financial period from 01 January 2022 to 30 June 2022 (unaudited)

---

The details which follow make reference to the investments within The Jupiter Global Fund - Jupiter Dynamic Bond, unless stated otherwise.

#### 1. Top 10 holdings

##### 10 Largest holdings at 30 June 2022

	Fair value EUR	Percentage of total net assets attributable to unitholders %
<b>Government of The United States of America 2.375% 15-Feb-2042</b>	<b>640,337,023</b>	<b>8.41</b>
<b>Government of South Korea 2.375% 10-Dec-2031</b>	<b>422,692,176</b>	<b>5.55</b>
<b>Government of Australia 4.5% 21-Apr-2033</b>	<b>325,904,763</b>	<b>4.28</b>
<b>Government of Australia 1.75% 21-Jun-2051</b>	<b>314,906,003</b>	<b>4.14</b>
<b>Government of The United States of America 1.875% 15-Feb-2032</b>	<b>185,440,774</b>	<b>2.44</b>
<b>Government of Australia 3.75% 21-Apr-2037</b>	<b>147,263,719</b>	<b>1.93</b>
<b>Altice France Holding S.A. 8.0% 15-May-2027</b>	<b>131,739,472</b>	<b>1.73</b>
<b>Government of The United States of America 2.0% 15- Nov-2041</b>	<b>118,968,600</b>	<b>1.56</b>
<b>Government of Australia 3.0% 21-Mar-2047</b>	<b>83,615,205</b>	<b>1.10</b>
<b>Government of The United States of America 2.875% 15-May-2052</b>	<b>83,438,835</b>	<b>1.10</b>

#### 2. Financial ratios

	30 June 2022 %
Expense ratio <sup>1</sup>	<b>0.64</b>
Turnover ratio	<b>37.84</b>

<sup>1</sup> The expense ratio has been computed based on the total operating expenses divided by the average net asset value for the year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The average net asset value is based on the daily balances.

Intentionally left blank.



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

Company registration number 198202562H