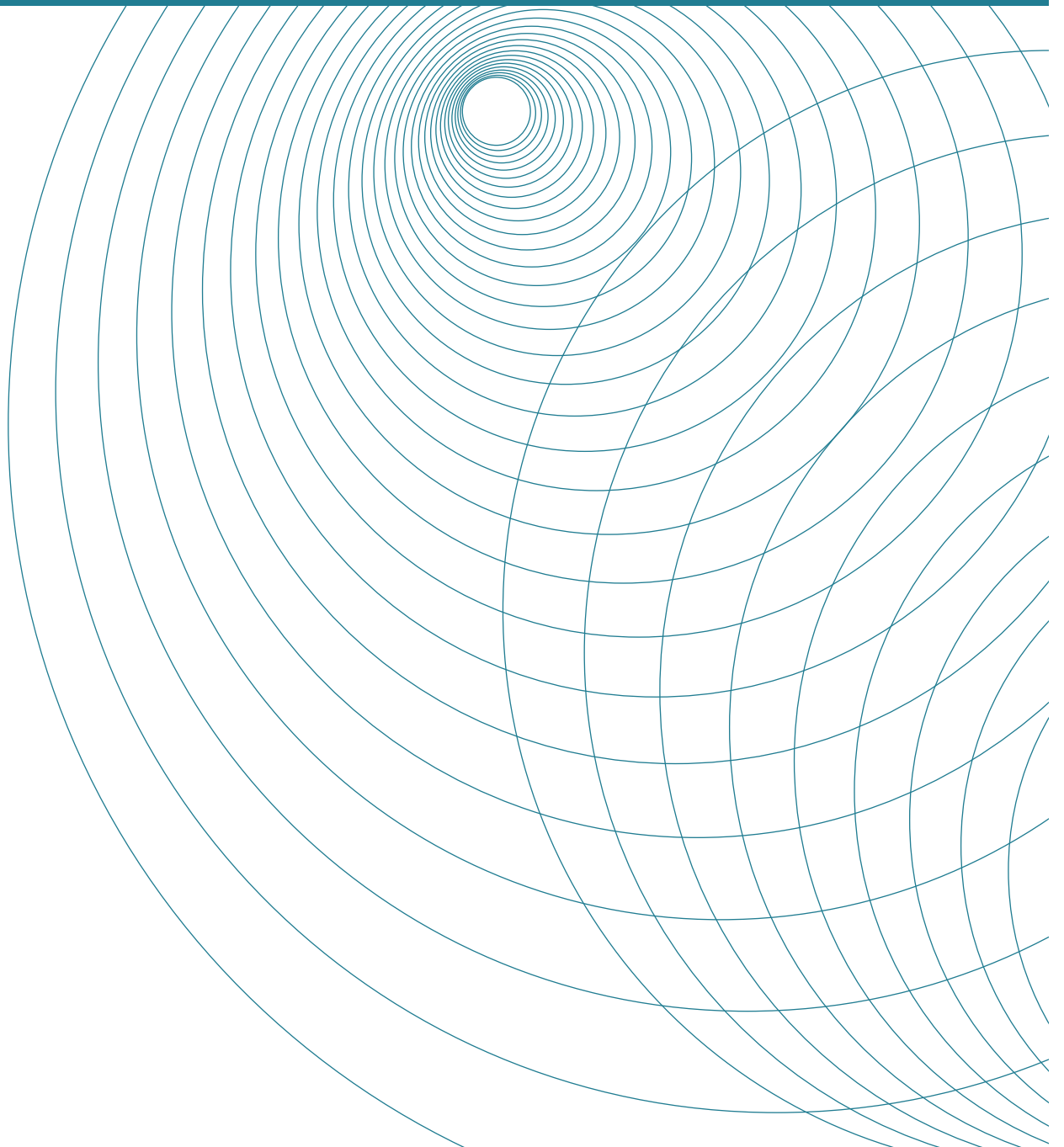


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**ANNUAL REPORT**  
**Nikko AM Shenton Asia Pacific Fund**

**Financial year ended 31 December 2023**

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**MANAGERS**

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

**DIRECTORS OF THE MANAGERS**

Seet Oon Hui Eleanor  
Yutaka Nishida  
Hiroshi Yoh  
Allen Yan

**TRUSTEE & REGISTRAR**

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

**AUDITORS**

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

**CUSTODIAN**

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

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

## PERFORMANCE SUMMARY

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Shenton Asia Pacific Fund - SGD Class <sup>1</sup>	-0.22	-7.71	-9.16	-11.49	2.23	2.77	4.06
Benchmark <sup>2</sup>	4.23	1.57	5.59	-4.95	3.97	4.40	3.97

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

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Shenton Asia Pacific Fund - SGD Class <sup>1</sup>	-5.20	-12.32	-13.70	-12.99	1.19	2.24	3.89
Benchmark <sup>2</sup>	4.23	1.57	5.59	-4.95	3.97	4.40	3.97

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

### Inception date: 31 August 1992

#### Note:

- (1) With effect from 31 March 2020, the investment focus and approach of the Nikko AM Shenton Asia Pacific Fund (the "Fund") has been amended such that the Fund will seek to achieve its investment objective by investing its assets substantially into the Nikko AM Asia ex-Japan Fund (the "New Underlying Fund"). The Fund may also invest directly in equities in Australia, New Zealand and Japan.

With effect from 17 October 2011, the Fund (formerly known as "Shenton Asia Pacific Fund") has been renamed Nikko AM Shenton Asia Pacific Fund.

- (2) With effect from 30 September 2011, the benchmark is changed to MSCI AC Asia Pacific ex-Japan Index (Net Total Return) from MSCI AC Daily TR Net Asia ex-Japan Index. Prior to 1 February 2009, the benchmark was MSCI AC FE Free ex Japan Index.

Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

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## **Portfolio Review**

### ***The Fund returned -9.16% in 2023***

Over the review period, the Nikko AM Shenton Asia Pacific Fund (the “Fund”) posted a return of -9.16% (SGD terms on a NAV-NAV basis), whereas the benchmark returned 5.59%. At the sector level, active positions in real estate and communication services were the principal contributors to relative performance, while holdings in financials and consumer discretionary were the biggest drag on relative performance. At the country level, stock selection in India and Thailand added the most value, while active holdings in China and Australia detracted the most from relative performance.

## **Market Review**

### ***Asian equities mostly gain in 2023***

Asian stocks rose in 2023, with the MSCI AC Asia Pacific ex Japan Index (Net Total Return) returning 7.4% in US dollar (USD) terms. Regional stocks kicked off the year trading higher, supported by a rebound in investor sentiment towards Chinese equities due to policy pivots in areas including COVID-19, housing and internet regulation. Asian stocks shrugged off the market volatility created by the US banking turmoil and ongoing monetary policy tightening by the US Federal Reserve (Fed), turning in decent gains in the first quarter of 2023. However, regional equities lost momentum and retreated in the second quarter due to growing concerns that the recovery in the Chinese economy is losing steam. Asian equities continued to trend lower in the third quarter due to a surge in longer-term government bond yields, higher oil prices and lacklustre macroeconomic data out of China amid renewed stress in the country’s debt-laden property sector. Market sentiment, however, improved heading into 2024 as markets adjusted to the fact that US interest rates may have peaked. Eventually, December saw the Fed send its clearest message yet that its aggressive hiking campaign has ended by forecasting a series of rate cuts in 2024.

Within the region, the stock markets of Taiwan, South Korea and India were the best performers (as measured by the MSCI indices in USD terms), while those of Hong Kong, China and Thailand underperformed.

### ***Taiwan and South Korea lead the gainers; China and Hong Kong plummet***

In the North Asian region, the technology-centric equity markets of Taiwan (+30.4% in USD terms) and South Korea (+23.2%) soared in 2023, buoyed by a strong rebound in global technology stocks and hopes of turnaround in the global semiconductor market as demand for chips used in artificial intelligence (AI) systems rapidly increased. The Bank of Korea kept its seven-day repurchase rate unchanged at 3.5% over the year, and South Korea’s economy expanded 1.4% in 2023. In Taiwan, after raising its key rediscount rate by 12.5 basis points (bps) to 1.875% in March, the central bank of Taiwan stood pat with its policy rate over the remaining year.

On the other hand, stocks in China (-11.2%) and Hong Kong (-14.8%) fell in 2023, even though investors kicked off 2023 with a sense of optimism following China’s post-COVID reopening. A confluence of factors including—lingering property downturn, a slew of disappointing economic data, local government debt risks and uncertainty over China’s regulatory regime—have combined to put a dent in China’s stock market optimism. Tensions between Washington and Beijing also hurt sentiment towards Chinese equities. The world’s second largest economy has struggled to mount a strong post-pandemic recovery, and investors have been disappointed with policymakers’ responses thus far. Sentiment soured despite China cutting interest rates, reducing stock trading stamp duties and easing home purchase and mortgage rules.

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### ***ASEAN turns in mixed performance; Indonesia leads the region***

Indonesia (+7.3%) was the best performer in the ASEAN region in 2023, while Thailand was the worst performer (-10.5%). Singapore (+5.3%) and the Philippines (+3.5%) turned in gains too but Malaysia (-3.5%) fell. Annual inflation rates of all the ASEAN countries eased over the year. After raising its key interest rates by 25 bps in January, Bank Indonesia (BI) kept its benchmark interest rates unchanged over the year until October, when the central bank unexpectedly raised its interest rate by another 25 bps to 6% as BI sought to reinforce efforts to stabilise the Indonesian rupiah. The Bangko Sentral ng Pilipinas, also lifted its benchmark interest rate by 25 bps to 6.5% in a surprise off-cycle meeting in October, having paused its rate hikes since February. Meanwhile, Malaysia made just one rate hike in 2023. In Singapore, the Monetary Authority of Singapore left its monetary policy unchanged in 2023 after taking aggressive measures to blunt the impact of inflation by strengthening the Singapore dollar at an unprecedented pace of five times since October 2021. Thailand, on the other hand, delivered more rate hikes over the year. Political concerns also allayed in August as the Pheu Thai party's Srettha Thavisin finally became Thailand's prime minister, several months after the country's general election.

### ***India and Australia log healthy gains***

Despite a slump in the first quarter, compounded by a slowdown in economic growth, persistently high inflation and selling pressure on shares of the Adani Group, which was accused of engaging in widespread stock price manipulation and money laundering, India rebounded strongly over the remaining quarters to turn in healthy gains of 20.8% in USD terms for 2023. Indian stocks surged in the second quarter, lifted by sustained inflows from foreign investors and a surprising pause in the Reserve Bank of India (RBI)'s rate hike policy in April. Investors continued to re-rate the economic growth potential of the country during the second half of 2023. The International Monetary Fund bumped up India's growth forecast for financial year 2024 twice during the review period, to 6.3%, supported by macroeconomic and financial stability. Furthermore, JPMorgan's announcement in September that it will include India in its widely-tracked emerging market debt index also lifted investor sentiment. India posted a 7.6% GDP growth in the July-September quarter as manufacturing surged and the government boosted spending before election. In December, the ruling Bharatiya Janata Party won three key state elections—unseating the opposition in two of them—strengthening Prime Minister Narendra Modi's bid for a third term in office.

Down south, Australian stocks climbed 14.8%. Over the year, the Reserve Bank of Australia (RBA) had raised its interest rate from 3.35% at its February meeting, to 4.35% during the final meeting of 2023. Starting in February 2024, RBA will also reduce the number of meetings that decide official interest rates from 11 to 8 times a year. Australia's economy slowed in the September quarter, growing by a mere 0.2% on a quarterly basis and 2.1% on an annual basis, as higher interest rates hit consumers and trade turned negative. Australia's inflation cooled over the year, with inflation rate softening to 5.4% YoY in the third quarter of 2023, down from 6.0% in the second quarter and 7.0% in the first quarter, although figures still remain well above the central bank's target range of 2–3%.

## **Market Outlook and Strategy**

### ***Peak interest rates a boon for broader markets***

As we look to the year ahead, we must first look at some of the key characteristics of 2023—banking crises (in the US and Credit Suisse), fundamental changes in tech from generative AI, pro-growth policy in China and the potential peaking out of interest rates globally. The peaking of interest rates and potentially the US dollar could be a boon for broader markets, particularly in areas more sensitive to liquidity, countries with more room to ease rates domestically and areas where positive fundamental changes have been overlooked.

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In Asia, some of these countries are likely to be twin deficit economies where positive reform is also occurring, namely India and Indonesia. While areas more sensitive to liquidity conditions that have been pressured in recent years would include renewables and innovation across multiple segments including healthcare and in tech (outside of AI which had already done well on account of last year's earnings uplift to many in the hardware and infrastructure supply chain). We stress that we remain anchored to earnings and profitability and the delivery of sustainable returns in the statements above.

***China pivots towards advanced manufacturing, tech, self-sufficiency and higher-end overseas growth***

In China, pro-cyclical policy is clearly back but so far has failed to address the main issues holding back the domestic economy and markets, namely the property sector and consumer confidence. The release of rather stringent draft policy in the e-gaming sector in late December did little to quell concerns over China's investability. While likely mistimed, we would point to this being part of a broader effort to encourage offline activity and spending. Directed consumption remains the case as it always has in China. Looking more broadly, China is clearly going through another major economic transition—from one that reduces the role of property and services to one that promotes advanced manufacturing, tech, self-sufficiency and higher-end overseas growth. These are areas of focus for us in our stock selection.

***Asia's other bright spots offering opportunities for sustainable returns***

While there are understandable concerns about China, we should not overlook the bright opportunities that other parts of Asia offer. We continue to highlight that some of the best sustainable return opportunities lie in both reformers (India and Indonesia) and globally competitive North Asia exporters in Taiwan and Korea. At the sector level, we would also highlight the healthcare industry where several positive factors are starting to fall into place, namely much more appealing valuations, lighter positioning, supportive policy and the second wave of biosimilar development. Asia is well placed to capture these opportunities.

Against this, we must be mindful of some of the risks and areas of potential negative fundamental change ahead. An already significant amount of rate cuts have been priced in by markets and without further economic weakness, these may be subject to change. China has yet to stabilise both its property market and economy convincingly although supportive policy action is increasing. We also have a very busy electoral calendar this year kicking off with Taiwan in January, then India, Indonesia and culminating in the US elections towards the end of the year. Geopolitical risk is here to stay, with both positive and negative implications for investors. Managing these risks will be key to delivering sustainable returns in Asian equities.

***Focusing on areas such as healthcare and software in Australia***

Following a steep tightening cycle, Australia has seen inflation moderate which is alleviating concerns over downside risks to the housing market and its impact on the economy. Peaking of US rates likely gives more room for policy flexibility which would be well received by local equity markets. Despite weak government forecasts for major commodities, Australia remains well placed to benefit from demand for specific energy security and energy transition related needs. We also find some of the most well-run companies with good execution and corporate governance. In addition, Australia has produced a number of globally competitive companies in areas such as healthcare and software, areas we are focused on unearthing bottom-up opportunities.

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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.

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

#### **For Hong Kong Investors**

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

Nikko Asset Management Asia Limited. Registration Number 198202562H



## **NIKKO AM SHENTON ASIA PACIFIC FUND**

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

### **REPORT OF THE TRUSTEE**

*For the financial year ended 31 December 2023*

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

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 12 to 30, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

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

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Authorised signatory  
27 March 2024

## **NIKKO AM SHENTON ASIA PACIFIC FUND**

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

### **STATEMENT BY THE MANAGER**

*For the financial year ended 31 December 2023*

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

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

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Authorised signatory  
27 March 2024

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

**Our Opinion**

In our opinion, the accompanying financial statements of Nikko AM Shenton Asia Pacific Fund (the "Fund"), are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants ("RAP 7"), so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 31 December 2023, and the financial performance and movements of unitholders' funds for the financial year ended on that date.

*What we have audited*

The financial statements of the Fund comprise:

- the Statement of Total Return for the financial year ended 31 December 2023;
- the Statement of Financial Position as at 31 December 2023;
- the Statement of Movements of Unitholders' Funds for the financial year then ended;
- the Statement of Portfolio as at 31 December 2023; and
- the notes to the financial statements, including material accounting policy information.

**Basis for Opinion**

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

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

*Independence*

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

**Other Information**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	Note	2023 S\$	2022 S\$
<b>Income</b>			
Dividends		139,923	148,938
Interest on cash and cash equivalents		10,096	5,356
		<u>150,019</u>	<u>154,294</u>
<b>Less: Expenses</b>			
Management fee		643,533	916,378
Transfer agent fee		14,664	17,102
Custody fee		128	256
Audit fee		12,005	10,912
Valuation fee		10,060	12,229
Transaction costs		15,259	28,994
GST rebate		(478)	(15,785)
Other expenses		29,454	14,568
		<u>724,625</u>	<u>984,654</u>
<b>Net losses</b>		<u>(574,606)</u>	<u>(830,360)</u>
<b>Net gains or losses on value of investments</b>			
Net losses on investments		(3,244,433)	(17,226,310)
Net foreign exchange losses		(7,932)	(26,701)
		<u>(3,252,365)</u>	<u>(17,253,011)</u>
<b>Total (deficit) for the financial year before income tax</b>		<u>(3,826,971)</u>	<u>(18,083,371)</u>
<b>Less: Income tax</b>	3	-	-
<b>Total (deficit) for the financial year after income tax</b>		<u>(3,826,971)</u>	<u>(18,083,371)</u>

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

**NIKKO AM SHENTON ASIA PACIFIC FUND**

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

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2023

	Note	2023 S\$	2022 S\$
<b>ASSETS</b>			
Portfolio of investments		<b>35,625,489</b>	50,403,506
Sales awaiting settlement		<b>360,000</b>	-
Receivables	4	-	3,739
Cash and cash equivalents		<b>332,104</b>	538,430
<b>Total assets</b>		<b>36,317,593</b>	50,945,675
<b>LIABILITIES</b>			
Payables	5	<b>199,253</b>	356,220
<b>Total liabilities</b>		<b>199,253</b>	356,220
<b>EQUITY</b>			
Net assets attributable to unitholders	6	<b>36,118,340</b>	50,589,455

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

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

	Note	2023 S\$	2022 S\$
<b>Net assets attributable to unitholders at the beginning of the financial year</b>		<b>50,589,455</b>	80,762,160
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		<b>(3,826,971)</b>	(18,083,371)
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		<b>628,508</b>	1,312,296
Cancellation of units		<b>(11,272,652)</b>	(13,401,630)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		<b>(10,644,144)</b>	(12,089,334)
Total decreases in net assets attributable to unitholders		<b>(14,471,115)</b>	(30,172,705)
<b>Net assets attributable to unitholders at the end of the financial year</b>	6	<b>36,118,340</b>	50,589,455

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



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

	Holdings at 31 December 2023	Fair value at 31 December 2023 S\$	Percentage of total net assets attributable to unitholders at 31 December 2023 %
<b>Quoted Equities</b>			
<b>AUSTRALIA</b>			
BHP Group Limited	7,713	349,965	0.97
CSL Limited	4,018	1,036,684	2.87
Pilbara Minerals Limited	156,958	558,039	1.55
QBE Insurance Group Limited	26,704	355,972	0.99
Santos Limited	85,189	582,749	1.61
<b>Total AUSTRALIA</b>		<b>2,883,409</b>	<b>7.99</b>
<b>Total Quoted Equities</b>		<b>2,883,409</b>	<b>7.99</b>
<b>Quoted Investment Fund</b>			
<b>LUXEMBOURG</b>			
Nikko AM Global Umbrella Fund - Nikko AM Asia ex-Japan Fund	2,859,570	32,742,080	90.65
<b>Total LUXEMBOURG</b>		<b>32,742,080</b>	<b>90.65</b>
<b>Total Quoted Investment Fund</b>		<b>32,742,080</b>	<b>90.65</b>
<b>Portfolio of investments</b>		<b>35,625,489</b>	<b>98.64</b>
<b>Other net assets</b>		<b>492,851</b>	<b>1.36</b>
<b>Net assets attributable to unitholders</b>		<b>36,118,340</b>	<b>100.00</b>

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

**NIKKO AM SHENTON ASIA PACIFIC FUND**

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

**STATEMENT OF PORTFOLIO**

As at 31 December 2023

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**By Geography (Summary)**

	<b>Percentage of total net assets attributable to unitholders at 31 December 2023 %</b>	Percentage of total net assets attributable to unitholders at 31 December 2022 %
<b>Quoted Equities</b>		
Australia	<b>7.99</b>	13.08
<b>Total Quoted Equities</b>	<b>7.99</b>	13.08
<b>Quoted Investment Fund</b>		
Luxembourg	<b>90.65</b>	86.55
<b>Total Quoted Investment Fund</b>	<b>90.65</b>	86.55
<b>Portfolio of investments</b>	<b>98.64</b>	99.63
<b>Other net assets</b>	<b>1.36</b>	0.37
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	100.00

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

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

	<b>Fair value at 31 December 2023 S\$</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2023 %</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2022 %</b>
Banks	-	-	1.76
Biotechnology	1,036,684	2.87	3.45
Diversified Financial Services	-	-	1.21
Equity Fund	32,742,080	90.65	86.55
Insurance	355,972	0.99	-
Mining	908,004	2.52	4.59
Oil and Gas	582,749	1.61	2.07
<b>Portfolio of investments</b>	<b>35,625,489</b>	<b>98.64</b>	<b>99.63</b>
<b>Other net assets</b>	<b>492,851</b>	<b>1.36</b>	<b>0.37</b>
<b>Net assets attributable to unitholders</b>	<b>36,118,340</b>	<b>100.00</b>	<b>100.00</b>

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

## NIKKO AM SHENTON ASIA PACIFIC FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

#### 1. General

Nikko AM Shenton Asia Pacific Fund (the "Fund") is a Singapore domiciled fund, constituted under a Trust Deed dated 15 March 1990, as amended by Supplemental Deeds and Amended and Restated Deeds (collectively referred to as the "Deeds"). The Deeds are governed by the laws of the Republic of Singapore. The Trustee of the Fund is BNP Paribas Trust Services Singapore Limited (the "Trustee"). The Manager of the Fund is Nikko Asset Management Asia Limited (the "Manager").

There are three classes of units established within the Fund, namely the SGD Class, USD Class and RMB Class. The classes differ in terms of their class currency and the minimum subscription amounts applicable.

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

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

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

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

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

#### 2. Material accounting policy information

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

##### (a) Basis of preparation

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

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

## NIKKO AM SHENTON ASIA PACIFIC FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

##### (d) Basis of valuation of investments

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

##### (e) 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.

##### (f) 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.

## NIKKO AM SHENTON ASIA PACIFIC FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

##### (g) Payables

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

##### (h) Cash and cash equivalents

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

##### (i) Foreign currency translation

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

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

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

###### (ii) *Transactions and balances*

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

##### (j) Structured entities

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

## NIKKO AM SHENTON ASIA PACIFIC FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

##### (j) Structured entities (continued)

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

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

##### (k) Expenses

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

##### (l) Management fee

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

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

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

## NIKKO AM SHENTON ASIA PACIFIC FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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#### 3. Income tax

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

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

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

There is no income tax for the financial year ended 31 December 2023 and 2022.

#### 4. Receivables

	2023 S\$	2022 S\$
Receivable from unitholders for creation of units	-	3,739



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

	2023 S\$	2022 S\$
Payable to unitholders for cancellation of units	8,178	132,671
Amount due to the Manager	147,302	206,792
Valuation fee payable	8,137	2,768
Transfer agent fee payable	8,951	2,967
Provision for audit fee	11,988	11,022
Other payables	14,697	-
	<b>199,253</b>	<b>356,220</b>

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

**6. Units in issue**

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

<b><u>SGD Class</u></b>	2023	2022
Units at beginning of the financial year	33,086,039	40,201,167
Units created	427,625	785,871
Units cancelled	(7,508,641)	(7,900,999)
Units at end of the financial year	<b>26,005,023</b>	<b>33,086,039</b>
Net assets attributable to unitholders - S\$	<b>36,118,340</b>	50,589,456
Net asset value per unit - S\$	<b>1.389</b>	1.529

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 Class</u></b>	2023 S\$	2022 S\$
Net assets attributable to unitholders per financial statements per unit	1.389	1.529
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>1.389</b>	1.529

<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 SHENTON ASIA PACIFIC FUND**

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

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

*For the financial year ended 31 December 2023*

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#### **7. Financial risk management**

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

The Fund's primary objective is to achieve medium to long term capital appreciation by investing primarily in equities listed on the stock exchanges of the Asia Pacific region. The Fund will seek to achieve its investment objective by investing its assets substantially into the Nikko AM Asia ex-Japan Fund (the "Underlying Fund"), a sub-fund of the Nikko AM Global Umbrella Fund, which is registered under the Luxembourg law relating to undertakings for collective investment, as amended. The Underlying Fund will pursue an investment strategy that blends bottom-up fundamental research and top down views and its investment universe includes, but not limited to, Taiwan, China, Hong Kong, Singapore, Malaysia, Thailand, Indonesia, the Philippines, India and Korea. The Fund may also invest directly in equities in Australia, New Zealand and Japan.

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

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

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

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

The benchmark against which the Fund's performance is measured is the MSCI AC Asia Pacific ex Japan Index (Net Total Return) (the "Benchmark").

As at 31 December 2023, an increase/decrease of the index component within the Benchmark by 15% (2022: 18%), with all other variables remaining constant, the net assets attributable to unitholders for the year would increase/decrease by approximately 12% (2022: 16%). The analysis was based on the assumptions that the index components within the Benchmark increased/decreased by a reasonable possible shift, with all other variables held constant and that the fair value of Fund's investments moved according to the beta. Reasonable possible changes in market index percentage are revised annually depending on the Manager's current view on market volatility and other relevant factors.

## NIKKO AM SHENTON ASIA PACIFIC FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

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

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

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

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

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

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

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

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

As at 31 December 2023	SGD S\$	AUD S\$	USD S\$	Total S\$
<b>Assets</b>				
Portfolio of investments	32,742,080	2,883,409	-	35,625,489
Sales awaiting settlement	360,000	-	-	360,000
Cash and cash equivalents	330,792	129	1,183	332,104
<b>Total assets</b>	<b>33,432,872</b>	<b>2,883,538</b>	<b>1,183</b>	<b>36,317,593</b>
<b>Liabilities</b>				
Payables	199,253	-	-	199,253
<b>Total liabilities</b>	<b>199,253</b>	<b>-</b>	<b>-</b>	<b>199,253</b>
<b>Net currency exposure</b>	<b>33,233,619</b>	<b>2,883,538</b>	<b>1,183</b>	
<b>As at 31 December 2022</b>				
<b>Assets</b>				
Portfolio of investments	43,785,456	6,618,050	-	50,403,506
Receivables	3,739	-	-	3,739
Cash and cash equivalents	526,573	126	11,731	538,430
<b>Total assets</b>	<b>44,315,768</b>	<b>6,618,176</b>	<b>11,731</b>	<b>50,945,675</b>
<b>Liabilities</b>				
Payables	356,220	-	-	356,220
<b>Total liabilities</b>	<b>356,220</b>	<b>-</b>	<b>-</b>	<b>356,220</b>
<b>Net currency exposure</b>	<b>43,959,548</b>	<b>6,618,176</b>	<b>11,731</b>	

## NIKKO AM SHENTON ASIA PACIFIC FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

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

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

As of 31 December 2023 and 2022, the Fund does not hold substantial monetary assets/liabilities denominated in foreign currencies. Changes in foreign exchange rates on monetary assets/liabilities will not result in a significant change in the net asset value of the Fund. Hence, no separate sensitivity analysis on foreign currency risk has been presented.

##### (d) Liquidity risk

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

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

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

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

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

	<u>Less than 3 months</u>	
	As at	As at
	31 December	31 December
	2023	2022
	S\$	S\$
Payables	199,253	356,220
<b>Contractual cash outflows</b>	<b>199,253</b>	<b>356,220</b>

## NIKKO AM SHENTON ASIA PACIFIC FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

##### (e) Credit risk

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

Concentrations of credit risk are minimised primarily by:

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

The Fund is also exposed to counterparty credit risk on its financial assets held at amortised cost. As at 31 December 2023 and 2022, the Fund's financial assets held at amortised cost as disclosed in the Statement of Financial Position are realised within three months. The Manager considers the probability of default to be insignificant as the counterparties generally have a strong capacity to meet their contractual obligations in the near term. Hence, no loss allowance has been recognised based on the 12 month expected credit losses as any such impairment would be insignificant to the Fund.

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

Credit risk arises from cash and cash equivalents and outstanding and committed transactions from brokers. The table below summarises the credit rating of bank and custodian in which the Fund's assets are held as at 31 December 2023 and 2022.

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

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

As at 31 December 2023, the custodian of the Underlying Fund is BNP Paribas Securities Services (Luxembourg) S.C.A. and is rated Aa3 (2022: Aa3) based on the Long Term Issuer Default rating by Moody's.

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

##### (f) Capital management

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

## NIKKO AM SHENTON ASIA PACIFIC FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

##### (g) Fair value estimation

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

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

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

<b>As at 31 December 2023</b>	<b>Level 1 S\$</b>	<b>Level 2 S\$</b>	<b>Level 3 S\$</b>	<b>Total S\$</b>
<b>Assets</b>				
Portfolio of investments:				
- Quoted equities	2,883,409	-	-	2,883,409
- Quoted investment fund	32,742,080	-	-	32,742,080
	<u>35,625,489</u>	-	-	<u>35,625,489</u>
<b>As at 31 December 2022</b>	<b>Level 1 S\$</b>	<b>Level 2 S\$</b>	<b>Level 3 S\$</b>	<b>Total S\$</b>
<b>Assets</b>				
Portfolio of investments:				
- Quoted equities	6,618,050	-	-	6,618,050
- Quoted investment fund	43,785,456	-	-	43,785,456
	<u>50,403,506</u>	-	-	<u>50,403,506</u>

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

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

## NIKKO AM SHENTON ASIA PACIFIC FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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#### 7. 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 those Underlying Fund. The Manager makes investment decisions after extensive due diligence of the Underlying Fund, its strategy and the overall quality of the Underlying Fund's manager. The Underlying Fund in the Statement of Portfolio is managed by the portfolio manager who are 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.

#### 8. Related party transactions

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

	2023 S\$	2022 S\$
Bank balances held with related party of the Trustee	<b>332,104</b>	538,430

#### 9. Financial ratios

##### Expense ratio

		2023	2022
<b>SGD Class</b>			
Total operating expenses	S\$	<b>709,303</b>	955,659
Average daily net asset value	S\$	<b>42,824,586</b>	60,999,075
<b>Total expense ratio<sup>1</sup></b> (including the Underlying Fund's expense ratio)	%	<b>1.66</b>	1.57
Weighted average of the Underlying Fund's unaudited expense ratio	%	-	-

## NIKKO AM SHENTON ASIA PACIFIC FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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#### 9. Financial ratios (continued)

##### Turnover ratio

		2023	2022
Lower of total value of purchases or sales	S\$	<b>1,397,423</b>	4,870,976
Average daily net asset value	S\$	<b>42,824,586</b>	60,999,075
<b>Total turnover ratio<sup>2</sup></b>	<b>%</b>	<b>3.26</b>	<b>7.99</b>

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

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



## NIKKO AM SHENTON ASIA PACIFIC FUND

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

### REPORT TO UNITHOLDERS

For the financial year ended 31 December 2023

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The following contains additional information relating to the Fund.

#### 1. Distribution of investments

Please refer to the Statement of Portfolio on pages 15 to 17.

#### 2. Credit rating of debt securities

Nil.

#### 3. Top 10 holdings

##### 10 largest holdings at 31 December 2023

	Fair value S\$	Percentage of total net assets attributable to unitholders %
<b>Nikko AM Global Umbrella Fund - Nikko AM Asia ex-Japan Fund</b>	<b>32,742,080</b>	<b>90.65</b>
<b>CSL Limited</b>	<b>1,036,684</b>	<b>2.87</b>
<b>Santos Limited</b>	<b>582,749</b>	<b>1.61</b>
<b>Pilbara Minerals Limited</b>	<b>558,039</b>	<b>1.55</b>
<b>QBE Insurance Group Limited</b>	<b>355,972</b>	<b>0.99</b>
<b>BHP Group Limited</b>	<b>349,965</b>	<b>0.97</b>

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

	Fair value S\$	Percentage of total net assets attributable to unitholders %
<b>Nikko AM Global Umbrella Fund - Nikko AM Asia ex-Japan Fund</b>	<b>43,785,456</b>	<b>86.55</b>
<b>CSL Limited</b>	<b>1,746,272</b>	<b>3.45</b>
<b>BHP Group Limited</b>	<b>1,590,381</b>	<b>3.14</b>
<b>Santos Limited</b>	<b>1,048,412</b>	<b>2.07</b>
<b>Commonwealth Bank of Australia</b>	<b>892,882</b>	<b>1.76</b>
<b>IGO Limited</b>	<b>731,061</b>	<b>1.45</b>
<b>Omni Bridgeway Limited</b>	<b>609,042</b>	<b>1.21</b>

#### 4. Exposure to financial derivatives

Nil.

## NIKKO AM SHENTON ASIA PACIFIC FUND

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

### REPORT TO UNITHOLDERS

For the financial year ended 31 December 2023

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**5. Global exposure to financial derivatives**

Nil.

**6. Collateral**

Nil.

**7. Securities lending or repurchase transactions**

Nil.

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

Please refer to the Statement of Portfolio on pages 15 to 17.

**9. Borrowings**

Nil.

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

**S\$**

Units created	628,508
Units cancelled	(11,272,652)

**11. Turnover ratio**

Please refer to Note 9 of the Notes to the Financial Statements on page 29 to 30.

**12. Expense ratio**

Please refer to Note 9 of the Notes to the Financial Statements on page 29 to 30.

**13. Related party transactions**

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

**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.

The management company of the Underlying Fund, Nikko Asset Management Luxembourg S.A., currently does not receive any soft-dollar commission from, or enter into any soft dollar arrangements with, stockbrokers who execute trades on behalf of the Nikko AM Global Umbrella Fund - Nikko AM Asia ex-Japan Fund, the Underlying Fund of the Fund.

## NIKKO AM SHENTON ASIA PACIFIC FUND

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

### REPORT TO UNITHOLDERS

For the financial year ended 31 December 2023

The details which follow make reference to the investments within the Nikko AM Global Umbrella Fund - Nikko AM Asia ex-Japan Fund, unless stated otherwise.

#### 1. Top 10 holdings

##### 10 largest holdings as at 31 December 2023

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Samsung Electronics Company Limited	2,711,264	9.57
Taiwan Semiconductor Manufacturing Company Limited Sponsored ADR	2,473,209	8.73
Reliance Industries Limited Sponsored GDR	1,120,688	3.96
AIA Group Limited	1,052,744	3.72
Tencent Holdings Limited	1,033,991	3.65
Samsung Biologics Company Limited	839,724	2.96
MediaTek Inc	826,803	2.92
Indusind Bank Limited	714,355	2.52
Kotak Mahindra Bank Limited	611,271	2.16
Godrej Properties Limited	609,494	2.15

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

	Fair value US\$	Percentage of total net assets attributable to unitholders %
AIA Group Limited	2,935,977	7.41
Taiwan Semiconductor Manufacturing Company Limited Sponsored ADR	2,290,984	5.78
Reliance Industries Limited Sponsored GDR	1,859,145	4.69
Samsung Electronics Company Limited	1,531,825	3.87
Tencent Holdings Limited	1,270,960	3.21
JD.com Inc	1,121,177	2.83
Kotak Mahindra Bank Limited	1,103,485	2.79
Yonyou Network Technology Company Limited	1,077,128	2.72
H World Group Limited	1,072,666	2.71
Bank Central Asia TBK PT	1,024,078	2.59

#### 2. Financial Ratios

	2023 %	2022 %
Expense ratio <sup>1</sup>	-	-
Turnover ratio	<b>62.83</b>	57.17

<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. The expenses are fully reimbursed.

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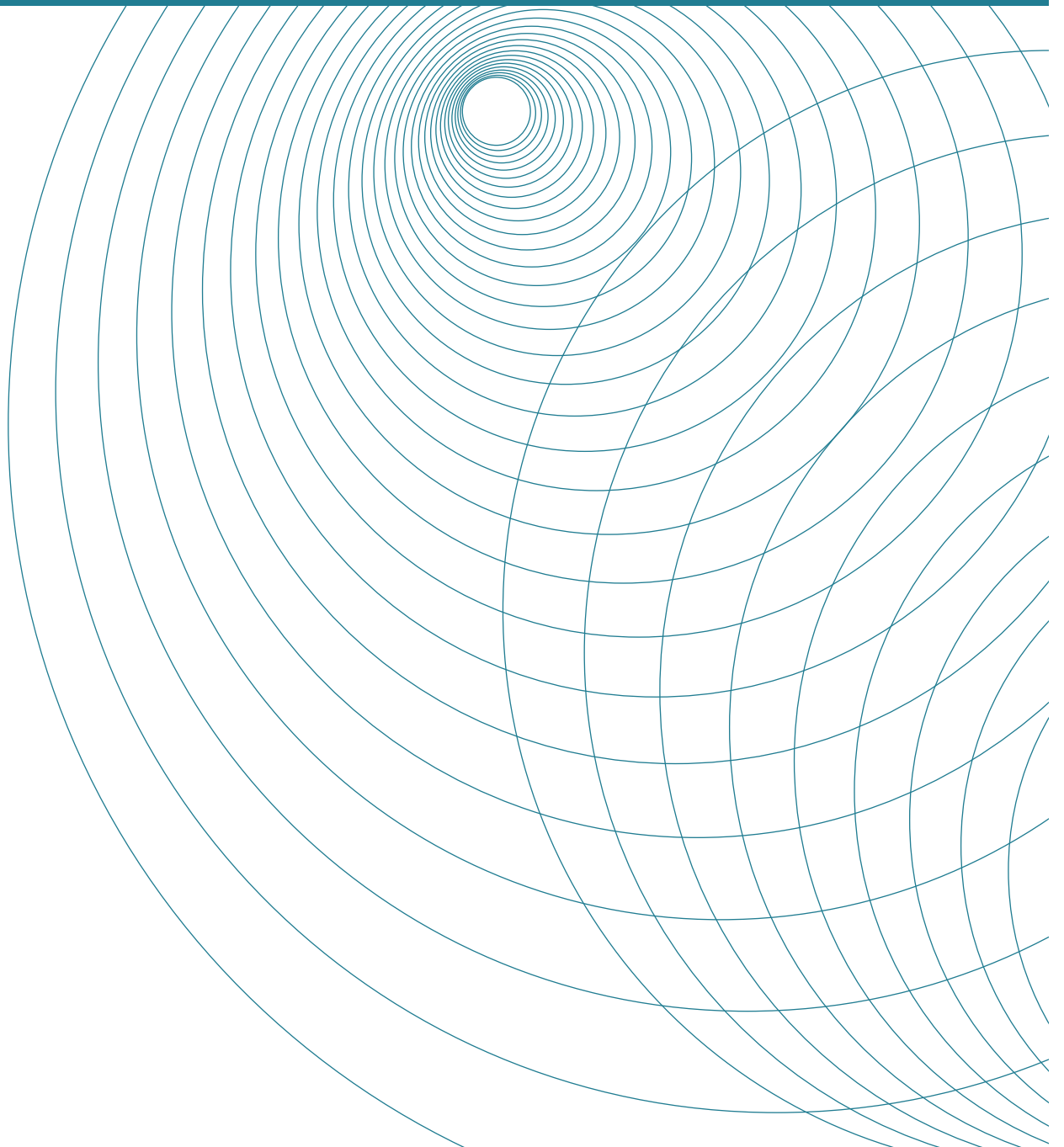
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# **SEMI-ANNUAL REPORT**

## **Nikko AM Shenton Asia Pacific Fund**

**Financial period ending 30 June 2023**

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**MANAGERS**

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

**DIRECTORS**

Kiyotaka Ryu  
Seet Oon Hui Eleanor

**TRUSTEE & REGISTRAR**

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20 Collyer Quay, #01-01  
Singapore 049319

**AUDITORS**

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7 Straits View, Marina One,  
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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

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<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Shenton Asia Pacific Fund - SGD Class <sup>1</sup>	-2.46	-1.57	-8.73	-1.44	1.34	4.44	4.40
Benchmark <sup>2</sup>	0.73	3.96	-1.98	1.46	1.43	5.17	3.98

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

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Shenton Asia Pacific Fund - SGD Class <sup>1</sup>	-7.34	-6.49	-13.30	-3.11	0.31	3.90	4.22
Benchmark <sup>2</sup>	0.73	3.96	-1.98	1.46	1.43	5.17	3.98

Source: Nikko Asset Management Asia Limited and MSCI. 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.

### **Inception date: 31 August 1992**

#### **Note:**

(1) With effect from 31 March 2020, the investment focus and approach of the Nikko AM Shenton Asia Pacific Fund (the "Fund") has been amended such that the Fund will seek to achieve its investment objective by investing its assets substantially into the Nikko AM Asia ex-Japan Fund (the "New Underlying Fund"). The Fund may also invest directly in equities in Australia, New Zealand and Japan.

With effect from 17 October 2011, the Fund (formerly known as "Shenton Asia Pacific Fund") has been renamed Nikko AM Shenton Asia Pacific Fund.

(2) With effect from 30 September 2011, the benchmark is changed to MSCI AC Asia Pacific ex-Japan Index (Net Total Return) from MSCI AC Daily TR Net Asia ex-Japan Index. Prior to 1 February 2009, the benchmark was MSCI AC FE Free ex Japan Index.

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## **Portfolio Review**

### ***The Fund returned -1.57% in the first half of 2023 (1H23)***

Over the review period, the Nikko AM Shenton Asia Pacific Fund (the “Fund”) posted a return of -1.57% (SGD terms on a NAV-NAV basis), whereas the benchmark returned 3.96%. At the sector level, active positions in real estate and communication services were the principal contributors to relative performance, while holdings in consumer discretionary and materials were the biggest drag on relative performance. At the country level, stock selection in India and Thailand added the most value, while active holdings in China and Australia detracted the most from relative performance.

## **Market Review**

### ***Asian equities rebound in 1H23***

After falling sharply in 2022, Asian stocks rebounded in 1H23, with the MSCI AC Asia Pacific ex Japan Index (Net Total Return) returning 3.0% in US dollar (USD) terms.

Regional stocks made a strong start to 2023, supported by a rebound in investor sentiment towards Chinese equities due to policy pivots in areas including COVID-19, housing and internet regulation. Despite market volatility created by the US banking turmoil and ongoing monetary policy tightening by the US Federal Reserve (Fed), Asian stocks still managed to turn in decent gains in the first quarter of 2023 as the banking contagion fears eased. Regional equities, however, lost momentum and slipped in second quarter of 2023 (2Q23) due to growing concerns that the recovery in the Chinese economy is losing steam. Within the region, the stock markets of Taiwan, South Korea and Indonesia were the best performers (as measured by the MSCI indices in USD terms), while those of Malaysia, Thailand and Hong Kong underperformed.

### ***Taiwan and South Korea lead the winners; China and Hong Kong slump***

In the North Asian region, the technology-centric equity markets of Taiwan (+19.9% in USD terms) and South Korea (+14.4) surged in 1H23, boosted by a strong rebound in global technology stocks and hopes of turnaround in the global semiconductor market as demand for chips used in artificial intelligence (AI) systems soared. Taiwanese stocks also received a fillip after index provider MSCI said in February it had increased the country’s weighting in the MSCI All-Country Asia ex-Japan Index. After raising its key rediscount rate by 12.5 basis points (bps) to 1.875% on March, the central bank of Taiwan held its key discount rate steady during its June meeting, pausing from a year-long tightening cycle. Meanwhile, the Bank of Korea held its benchmark interest rate steady throughout 1H23 as inflation in the country eased.

On the other hand, stocks in China (-5.5%) and Hong Kong (-7.3%) fell in 1H23 amid mounting concerns over the uneven pace of economic recovery in the world’s second largest economy, which reopened its borders in early 2023. Rising tensions between Washington and Beijing also hurt sentiment towards Chinese equities. A slew of weaker-than-expected economic data in China in 2Q23 prompted the Chinese authorities to cut interest rates in June to stimulate economic growth. Still, Beijing’s modest stimulus fell short of market expectations, disappointing investors, who were increasingly concerned about China’s weak consumer spending and the lacklustre manufacturing data reported.

### ***ASEAN turn in mixed performance; Indonesia surges while Malaysia plummets***

Indonesia (+8.9%) was the best performer in the ASEAN region in 1H23, while Malaysia was the worst performer (-11.7%). Singapore (+1.1%) and the Philippines (+1.1%) turned in modest gains but Thailand (-9.8%) fell sharply. Annual inflation rates of many ASEAN countries eased in 1H23, prompting several central banks to leave their benchmark interest rates unchanged.

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After raising its key interest rates by 25 bps to 5.75% during the January meeting, a sixth consecutive hike, the Bank Indonesia kept their benchmark interest rates unchanged over the next five months as consumer price pressures ebb in the country. Likewise, the central bank of the Philippines started to keep its benchmark interest rates unchanged in 2Q23, while the Monetary Authority of Singapore maintained its monetary policy in April. On the other hand, the Bank of Thailand continuously raised interest rates in 1H23. In May, Thailand chose a new government. However, investors have to wait until at least late July for the actual government formation. Elsewhere, the central bank of Malaysia unexpectedly raised its key overnight policy rate by 25 bps to 3% in May, marking the first increase since November to rein in inflation.

### ***India and Australia register healthy gains***

Despite a sharp slump in 1Q23, compounded by a slowdown in economic growth, persistently high inflation and selling pressure on shares of the Adani Group, which was accused by short seller Hindenburg Research of engaging in widespread stock price manipulation and money laundering, India managed to rebound strongly in 2Q23 to turn in healthy gains of 5.1% in USD term for 1H23. Indian stocks surged in 2Q23, lifted by sustained inflows from foreign investors and a surprising pause in the Reserve Bank of India (RBI)'s rate hike policy. In an unexpected move in April, the RBI left its policy rate unchanged at 6.50%, breaking the cycle of six consecutive hikes since May 2022, while retaining its "withdrawal of accommodation" stance. In June, the central bank kept its key benchmark policy rate unchanged for a second consecutive meeting as retail inflation in India cooled to a 25-month low of 4.25% in May.

Down south, Australian stocks rose 3.1% despite several rate hikes by the Reserve Bank of Australia (RBA) in 1H23. In June, the RBA board highlighted that there were still indicators showing inflation persisting. First-quarter GDP expanded at a quarterly rate of 0.2% and an annual rate of 2.3%.

### **Market Outlook and Strategy**

#### ***More targeted support expected for China, but widespread stimulus is unlikely***

One could be forgiven for missing some of the underlying economic changes with the artificial intelligence (AI) fervour currently sweeping markets. With inflationary issues subsiding across most of Asia, many regional central banks are now holding interest rates steady, if not cutting rates in the case of China. The US, meanwhile, is still warning of further rate hikes despite some overall softening in data. Of more concern to us is what China does next. Under the current stewardship, the focus is rightly on quality and not quantity, and that has consistently disappointed markets this year and led to subdued confidence and activity on the mainland. There are incremental signs of support in China but again these are very targeted. In recent weeks, electric vehicles (EVs), large medical devices and white goods have all seen supportive measures, and we would expect more to come but not a return to widespread policy stimulus observed in past cycles.

While valuations are now very cheap across China, we continue to focus on areas that are of strategic importance. Innovation in the healthcare, environmental technology and industrial technology space will continue to give rise to a large pool of high-quality companies with high sustainable returns and positive fundamental changes, in our view. Increasing consumption's contribution to the economy is also a long-term goal despite the near-term headwinds.

#### ***AI fervour in South Korea and Taiwan masking relatively weak areas in technology***

Within the technology-heavy South Korean and Taiwanese markets, AI fervour is again masking relatively weak and much larger parts of the hardware technology markets. End demand for both personal computers and smartphones continues to weaken while cloud/data centres have received some additional boost from hyperscale demand. The market appears to be extrapolating too broadly the fundamental changes being brought about by the current AI boom in our opinion.

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***Structural reforms and capex cycle boosting the appeal of India and Indonesia***

The positive effects of continued geopolitical friction are most clearly being felt in India and ASEAN at present. Reforms in India and Indonesia are catalysing this fundamental change most proactively and with peaking local interest rate cycles, we are likely to see more interest return to these markets. For India, hope continues to build for a capex cycle alongside a long housing upcycle. Early indications are positive as gross fixed capital formation has begun to move up as a percentage of nominal GDP, and new project announcements in the private sector have continued to grow. Corporate balance sheets are also at the healthiest level in more than 15 years. The aforementioned factors continue to drive our favourable view of high-quality banks and companies leveraged to domestic consumption, capex cycle and EV supply chain in India and Indonesia.

***Focusing on areas that offer structural growth at reasonable valuations in Australia***

Despite further tightening by the RBA, Australia's structural inflation issues are not as pronounced as many other developed markets given a greater capability to ease worker issues with greater immigration. That said we maintain limited domestic exposure as tighter conditions persist. Instead, the Fund continues to focus on the few areas that offer structural growth, fuelled by overseas demand, at reasonable valuations—EV-related materials such as nickel, lithium and copper, as well as healthcare and energy transition related stocks.

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

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

#### **For Hong Kong Investors**

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

Nikko Asset Management Asia Limited. Registration Number 198202562H



**NIKKO AM SHENTON ASIA PACIFIC 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>S\$</b>	S\$
<b>Income</b>		
Dividends	<b>87,481</b>	64,490
Interest on cash and cash equivalents	<b>4,390</b>	452
	<b>91,871</b>	64,942
<b>Less: Expenses</b>		
Management fee	<b>357,118</b>	508,726
Transfer agent fee	<b>8,614</b>	8,216
Custody fee	<b>81</b>	139
Audit fee	<b>6,013</b>	5,720
Valuation fee	<b>5,018</b>	6,783
Transaction costs	<b>5,581</b>	10,744
Other expenses	<b>8,979</b>	(4,044)
	<b>391,404</b>	536,284
<b>Net losses</b>	<b>(299,533)</b>	(471,342)
<b>Net gains or losses on value of investments</b>		
Net losses on investments	<b>(351,539)</b>	(13,345,468)
Net foreign exchange losses	<b>(5,589)</b>	(9,696)
	<b>(357,128)</b>	(13,355,164)
<b>Total (deficit) for the financial period before income tax</b>	<b>(656,661)</b>	(13,826,506)
<b>Less: Income tax</b>	-	-
<b>Total (deficit) for the financial period after income tax</b>	<b>(656,661)</b>	(13,826,506)

**NIKKO AM SHENTON ASIA PACIFIC FUND**

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

**STATEMENT OF FINANCIAL POSITION**

As at 30 June 2023 (unaudited)

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	30 June 2023	31 December 2022
	S\$	S\$
<b>ASSETS</b>		
Portfolio of investments	42,347,269	50,403,506
Sales awaiting settlement	1,090,000	-
Receivables	-	3,739
Cash and cash equivalents	11,205	538,430
<b>Total assets</b>	<b>43,448,474</b>	<b>50,945,675</b>
<b>LIABILITIES</b>		
Payables	707,859	356,220
<b>Total liabilities</b>	<b>707,859</b>	<b>356,220</b>
<b>EQUITY</b>		
Net assets attributable to unitholders	42,740,615	50,589,455

**NIKKO AM SHENTON ASIA PACIFIC 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>S\$</b>	S\$
<b>Net assets attributable to unitholders at the beginning of the financial period/year</b>	<b>50,589,455</b>	80,762,160
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	<b>(656,661)</b>	(18,083,371)
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	<b>273,066</b>	1,312,296
Cancellation of units	<b>(7,465,245)</b>	(13,401,630)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	<b>(7,192,179)</b>	(12,089,334)
Total decreases in net assets attributable to unitholders	<b>(7,848,840)</b>	(30,172,705)
<b>Net assets attributable to unitholders at the end of the financial period/year</b>	<b>42,740,615</b>	50,589,455

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

	Holdings at 30 June 2023	Fair value at 30 June 2023 S\$	Percentage of total net assets attributable to unitholders at 30 June 2023 %
<b>Quoted Equities</b>			
<b>AUSTRALIA</b>			
BHP Group Limited	17,313	701,686	1.64
CSL Limited	4,936	1,233,402	2.89
IGO Limited	50,038	685,169	1.60
Omni Bridgeway Limited	184,975	436,585	1.02
Santos Limited	85,189	577,106	1.35
<b>Total AUSTRALIA</b>		<b>3,633,948</b>	<b>8.50</b>
<b>Total Quoted Equities</b>		<b>3,633,948</b>	<b>8.50</b>
<b>Quoted Investment Fund</b>			
<b>LUXEMBOURG</b>			
Nikko AM Global Umbrella Fund - Nikko AM Asia ex-Japan Fund	3,162,853	38,713,321	90.58
<b>Total LUXEMBOURG</b>		<b>38,713,321</b>	<b>90.58</b>
<b>Total Quoted Investment Fund</b>		<b>38,713,321</b>	<b>90.58</b>
<b>Portfolio of investments</b>		<b>42,347,269</b>	<b>99.08</b>
<b>Other net assets</b>		<b>393,346</b>	<b>0.92</b>
<b>Net assets attributable to unitholders</b>		<b>42,740,615</b>	<b>100.00</b>

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

	<b>Percentage of total net assets attributable to unitholders at 30 June 2023 %</b>	Percentage of total net assets attributable to unitholders at 31 December 2022 %
<b>Quoted Equities</b>		
Australia	<b>8.50</b>	13.08
<b>Total Quoted Equities</b>	<b>8.50</b>	13.08
<b>Quoted Investment Fund</b>		
Luxembourg	<b>90.58</b>	86.55
<b>Total Quoted Investment Fund</b>	<b>90.58</b>	86.55
<b>Portfolio of investments</b>	<b>99.08</b>	99.63
<b>Other net assets</b>	<b>0.92</b>	0.37
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	100.00

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

	<b>Fair value at 30 June 2023 S\$</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2023 %</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2022 %</b>
Banks	-	-	1.76
Biotechnology	1,233,402	2.89	3.45
Diversified Financial Services	436,585	1.02	1.21
Equity Fund	38,713,321	90.58	86.55
Mining	1,386,855	3.24	4.59
Oil and Gas	577,106	1.35	2.07
<b>Portfolio of investments</b>	<b>42,347,269</b>	<b>99.08</b>	<b>99.63</b>
<b>Other net assets</b>	<b>393,346</b>	<b>0.92</b>	<b>0.37</b>
<b>Net assets attributable to unitholders</b>	<b>42,740,615</b>	<b>100.00</b>	<b>100.00</b>

## NIKKO AM SHENTON ASIA PACIFIC 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)

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The following contains additional information relating to the Fund.

#### 1. Distribution of investments

Please refer to the Statement of Portfolio on pages 10 to 12.

#### 2. Credit rating of debt securities

Nil.

#### 3. Top 10 holdings

##### 10 Largest holdings at 30 June 2023

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Nikko AM Global Umbrella Fund - Nikko AM Asia ex-Japan Fund	38,713,321	90.58
CSL Limited	1,233,402	2.89
BHP Group Limited	701,686	1.64
IGO Limited	685,169	1.60
Santos Limited	577,106	1.35
Omni Bridgeway Limited	436,585	1.02

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

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Nikko AM Global Umbrella Fund - Nikko AM Asia ex-Japan Fund	50,917,435	85.90
CSL Limited	1,933,205	3.26
Alumina Limited	1,645,446	2.78
Santos Limited	1,536,305	2.59
IGO Limited	1,527,970	2.58
Xero Limited	439,835	0.74
Megaport Limited	372,777	0.63

#### 4. Exposure to financial derivatives

Nil.

## NIKKO AM SHENTON ASIA PACIFIC 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)

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**5. Global exposure to financial derivatives**

Nil.

**6. Collateral**

Nil.

**7. Securities lending or repurchase transactions**

Nil.

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

Please refer to the Statement of Portfolio on pages 10 to 12.

**9. Borrowings**

Nil.

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

S\$

Units created	273,066
Units cancelled	(7,465,245)

**11. Turnover ratio**

		<b>30 June 2023</b>	30 June 2022
Lower of total value of purchases or sales <sup>2</sup>	S\$	<b>6,709,510</b>	1,670,482
Average daily net asset value	S\$	<b>47,956,003</b>	68,377,135
<b>Total turnover ratio<sup>1</sup></b>	%	<b>13.99</b>	2.44

<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.

<sup>2</sup> There was no purchases during the financial period ended 30 June 2023. Therefore, the total value of sales was used in the calculation of the portfolio turnover ratio.



## NIKKO AM SHENTON ASIA PACIFIC 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)

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#### 12. Expense ratio

		30 June 2023	30 June 2022
<b><u>SGD Class</u></b>			
Total operating expenses	S\$	<b>815,880</b>	1,223,713
Average daily net asset value	S\$	<b>50,991,907</b>	78,098,275
<b>Total expense ratio<sup>3</sup></b>			
(including Underlying Fund's expense ratio)	%	<b>1.60</b>	1.57
Weighted average of the Underlying Fund's unaudited expense ratio	%	<b>-</b>	-

<sup>3</sup> The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at financial period end was based on total operating expenses divided by the average net asset value for the year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

#### 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 out of the management fees by Nikko Asset Management Asia Limited to BNP Paribas Trust Services Singapore Limited. 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 S\$	31 December 2022 S\$
Bank balances held with related party of the Trustee	<b>11,205</b>	538,430

#### 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.

The management company of the Underlying Fund, Nikko Asset Management Luxembourg S.A., currently does not receive any soft-dollar commission from, or enter into any soft dollar arrangements with, stockbrokers who execute trades on behalf of the Nikko AM Global Umbrella Fund-Nikko AM Asia ex-Japan Fund, the Underlying Fund of the Fund.

## NIKKO AM SHENTON ASIA PACIFIC 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 Nikko AM Global Umbrella Fund - Nikko AM Asia ex-Japan Fund, unless stated otherwise.

#### 1. Top 10 holdings

##### 10 Largest holdings at 30 June 2023

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Samsung Electronics Company Limited	2,539,397	7.99
Taiwan Semiconductor Manufacturing Company Limited	2,219,332	6.98
AIA Group Ltd	1,899,634	5.97
Reliance Industries Ltd Sponsored GDR	1,594,444	5.01
Tencent Holdings Limited	1,091,712	3.43
Kotak Mahindra Bank Limited	913,886	2.87
Sinbon Electronics Co Limited	901,668	2.84
Alibaba Group Holding Limited	882,815	2.78
Godrej Properties Limited	856,837	2.69
Bank Central Asia TBK PT	821,105	2.58

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

	Fair value US\$	Percentage of total net assets attributable to unitholders %
AIA Group Ltd	3,372,972	7.43
Tencent Holdings Limited	2,384,660	5.26
Samsung Electronics Company Limited	2,380,048	5.25
Taiwan Semiconductor Sponsored ADR	2,049,136	4.52
Reliance Industries Ltd Sponsored GDR	1,898,744	4.19
Baidu Inc	1,855,399	4.09
Bank Central Asia TBK PT	1,586,605	3.50
JD.com Inc	1,401,088	3.09
Proya Cosmetics Co Ltd	1,350,696	2.98
Ming Yang Smart Energy Group	1,206,224	2.66

#### 2. Financial ratios

	30 June 2023 %	30 June 2022 %
Expense ratio <sup>1</sup>	-	-
Turnover ratio	<b>27.61</b>	<b>30.89</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. The expenses are fully reimbursed.





# ANNUAL REPORT

For the financial year ended 31 December 2022

**Nikko AM Shenton  
Asia Pacific 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 Shenton Asia Pacific Fund - SGD Class <sup>1</sup>	3.94	-7.28	-23.89	0.44	0.68	3.79	4.53
Benchmark <sup>2</sup>	4.78	-5.71	-17.90	-0.72	0.20	4.53	3.91

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

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Shenton Asia Pacific Fund - SGD Class <sup>1</sup>	-1.25	-11.91	-27.70	-1.26	-0.35	3.26	4.35
Benchmark <sup>2</sup>	4.78	-5.71	-17.90	-0.72	0.20	4.53	3.91

Source: Nikko Asset Management Asia Limited and MSCI. 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.

### **Inception date: 31 August 1992**

#### **Note:**

(1) With effect from 31 March 2020, the investment focus and approach of the Nikko AM Shenton Asia Pacific Fund (the "Fund") has been amended such that the Fund will seek to achieve its investment objective by investing its assets substantially into the Nikko AM Asia ex-Japan Fund (the "New Underlying Fund"). The Fund may also invest directly in equities in Australia, New Zealand and Japan.

With effect from 17 October 2011, the Fund (formerly known as "Shenton Asia Pacific Fund") has been renamed Nikko AM Shenton Asia Pacific Fund.

(2) With effect from 30 September 2011, the benchmark is changed to MSCI AC Asia Pacific ex-Japan Index (Net Total Return) from MSCI AC Daily TR Net Asia ex-Japan Index. Prior to 1 February 2009, the benchmark was MSCI AC FE Free ex Japan Index.

Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.



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## **Portfolio Review**

### ***The Fund returned -23.89% in 2022***

Over the review period, the Nikko AM Shenton Asia Pacific Fund (the “Fund”) posted a return of -23.89% (SGD terms on a NAV-NAV basis), underperforming the benchmark which returned -17.90%. At the sector level, positions in financials, materials and consumer staples were the principal contributors to relative performance in 2022, while holdings in information technology and healthcare were the biggest drag on performance. At the country level, stock selection in Indonesia and Hong Kong added the most value, while active holdings in China and Taiwan detracted from relative performance.

## **Market Review**

### ***Asian equities slumped in 2022***

Asian stocks fell sharply in 2022 due to a confluence of negative factors. In the first quarter of 2022 (1Q22), escalating Russia-Ukraine tensions culminated in a full invasion by Russia, resulting in a downturn in global financial markets. Lingering concerns over inflation from 1Q22 to 3Q22 also weighed on regional stocks, with the US Federal Reserve (Fed) and several Asian central banks hiking interest rates aggressively to curb rising consumer prices. As high inflation prints persisted despite a series of rate hikes enacted by central banks, recessionary fears started to ripple through various economies in the region; this further dampened risk appetite for Asian stocks. Market sentiment, however, improved in 4Q22, which saw a strong rebound in regional equities on expectations that the Fed would slow its pace of monetary policy tightening on the back of lower-than-expected US inflation numbers. The easing of China’s stringent zero-COVID policy towards the end of the year also buoyed Asian markets in 4Q22. Despite the year-end rally, Asian equities, as measured by the MSCI AC Pacific Asia ex Japan Index (Net Total Return), still ended 2022 with losses of 17.5% in US dollar (USD) terms. Within the region, the stock markets of Thailand and Indonesia were the best performers (as measured by the MSCI indices in USD terms), while those of Taiwan, South Korea and China underperformed.

### ***Thailand and Indonesia led the winners***

Thailand, which was the best regional performer in 2022, rose 5.0% in USD terms for the year. The tourism-reliant nation reopened its borders in early 2022, easing quarantine and mask-wearing rules to boost foreign arrivals; that supported Thai stocks, which were also buoyed by the potential return of Chinese tourists in 4Q22 as the world’s second largest economy reopened its borders. Indonesia—a leading commodity exporter in the region—also turned in decent USD gains of 3.6% for 2022, boosted by strong prices of coal, lithium and nickel, and the relatively robust economic growth throughout the year.

Within the ASEAN region, Malaysia (-5.8%) and Singapore (-11.0%) also fared better (in relative terms) than many of their regional counterparts for 2022. Malaysia appointed Anwar Ibrahim, who leads the Pakatan Harapan coalition, as its new prime minister in November 2022, ending a political impasse, while Singapore’s central bank—the Monetary Authority of Singapore—tightened its monetary policy several times in 2022, allowing a strengthening in the Singapore dollar to help dampen inflation. Elsewhere, the Philippines (-13.9%) was the worst performer in the ASEAN region, weighed down by skyrocketing inflation caused by rising oil and food prices, rate hikes and an unexpected contraction in its economy in 2Q22.

### ***Taiwan, South Korea and China slumped the most***

In North Asia, the technology-centric markets of Taiwan (-29.8%) and South Korea (-29.4%) turned in significant losses for the year, dragged down by the downturn in global technology stocks. Declining export numbers of semiconductors and a drop in demand, sales and orders of notebooks and

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smartphones throughout 2022 also weighed down the Taiwanese and South Korean stock markets, which are dominated by large semiconductor stocks.

Likewise, stocks in China (-21.9%) fared badly in 2022, as its economy took a hit from COVID-19 lockdowns, which resulted in weakened demand and disrupted supply chains and factory production. The depreciating Chinese yuan and the property crisis in China, with policy measures providing limited support, also pushed Chinese equities lower during most periods in 1Q22–3Q22. China stocks, however, rebounded strongly in 4Q22, as the country pivoted away from its zero-COVID policy and announced plans to reopen its borders with the removal of quarantine requirements for arrivals.

Hong Kong (-4.7%), on the other hand, performed relatively better in 2022, as compared to its North Asian peers. The country's pro-growth budget in 1Q22 to offset the restrictions caused by the pandemic on households and businesses, and its planned border reopening with China plus a loosening of its domestic COVID-19 curbs in 4Q22 were generally supportive of Hong Kong stocks during the year.

### ***Australia and India fared relatively well***

Despite persistent inflationary headwinds and the ensuing rate hikes, Australia (-5.3%) and India (-8.0%) both managed to outperform the broader regional index during the year. The resource-centric Australian equity market was relatively resilient in 2022, supported by mining, coal and energy stocks, all of which outperformed during the global rout. After a dismal 1H22, Indian stocks, particularly banking and consumer goods names, rebounded strongly in 2H22, lifted by the Reserve Bank of India's affirmation that inflation in the populous country had peaked.

## **Market Outlook and Strategy**

### ***China remains the focus point***

At present, we find ourselves sandwiched between the prospect of further tightening and potential recessions in the West and the reopening momentum from China—the world's second largest economy. China is now a bigger trading partner with most countries in Asia than both the US and the EU combined. Hence, for the time being, Asia's prospects look relatively better and with valuations still largely depressed across most parts, we believe there are fertile opportunities to pick good long-term investments with both high potential sustainable returns and positive fundamental change. China remains the focal point at present, but we would expect that to permeate through the region to varying degrees as economic activity picks up.

### ***Staying invested in consumption, healthcare, software and select industrials in China***

The pace of its reopening together with a marked change in rhetoric and the stronger policy support for the property market have surprised many China watchers. Our next major clues on future policy direction for China are likely to come only in March. We note that many service-orientated industries in China have undergone consolidation through COVID-19, and early indications through the Lunar New Year period are that consumer demand is picking up strongly across some sub-segments. Significant excess savings were set aside last year and with property likely to remain for living rather than speculating, it will be keenly watched as to how Chinese households allocate their money. For now, we remain invested in areas of consumption, in particular local brand leaders, and in areas of healthcare, software and select industrials.

Elsewhere in North Asia, the more concerted efforts in South Korea to improve total shareholder returns and address longstanding foreign capital investment issues could be a significant change for the country's equity market. In addition, with the potential improvement in China's domestic economy and further digestion of inventories, there may be early indications of a bottoming out in parts of the technology cycle. We remain invested in healthcare contract manufacturers with an increasing focus on stock specific hardware technology opportunities.

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***A selective approach to India is warranted***

While India may remain one of the highest growth economies in 2023, it is not where the immediate positive change is. That, together with already stretched valuations—particularly relative to other parts of Asia—warrants a more selective approach to India, in our view. In addition, the negative report by Hindenburg Research on the Adani Group is likely to cause some reassessment of both relative valuations and corporate governance in India as a whole. We would note, however, that this remains a fairly isolated example of leverage build-up in India and more broadly, credit origination has been fairly muted. India's budget was balanced and looks to promote more capital expenditure in the country. As such, we would watch for better opportunities to allocate to one of the region's best sources of sustainable returns and positive change.

***Fundamental changes can be significant drivers of long-term returns in ASEAN***

In ASEAN, which was another relative outperformer in 2022, we observe two important fundamental changes with long-term implications for sustainable returns. Firstly, there is increasing investment from the West looking to diversify and secure supply chains. This has been most widely taken up by Vietnam but increasingly by others too. The second important change is outbound Chinese investment resulting in foreign direct investment for several countries, most notably Indonesia at present, as the country looks to develop more downstream electric vehicle manufacturing. Both these fundamental changes can be significant drivers for the region over the long term. With the resumption of Chinese tourism, there will also be much needed revenue streams coming back to popular destinations like Thailand and Singapore.

***Focusing on areas that offer structural growth at reasonable valuations in Australia***

Australia's economic resilience continues to be buoyed by an improvement in terms of trade and exports, and fiscal flexibility, which will continue to be well supported. Wages in the country, on the other hand, have only risen moderately in comparison to the rest of the developed world and that has allowed the Australian central bank to pause for now in terms of rate hikes. Immigration policies are also helping to ease labour constraints, unlike other developed markets. There is likely to be some divergence in prospects between exporters to China and the more domestically orientated sectors. Therefore, we continue to focus on the few areas that offer structural growth at reasonable valuations—electric vehicle-related materials, such as nickel, lithium and copper, as well as healthcare and energy transition related stocks.

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

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

### **For Hong Kong Investors**

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

Nikko Asset Management Asia Limited. Registration Number 198202562H

## **NIKKO AM SHENTON ASIA PACIFIC FUND**

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

### **REPORT OF THE TRUSTEE**

*For the financial year ended 31 December 2022*

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

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 12 to 29, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

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

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Authorised signatory  
29 March 2023

## **NIKKO AM SHENTON ASIA PACIFIC FUND**

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

### **STATEMENT BY THE MANAGER**

*For the financial year ended 31 December 2022*

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In the opinion of Nikko Asset Management Asia Limited, the accompanying financial statements set out on pages 12 to 29, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of Nikko AM Shenton Asia Pacific 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

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Authorised signatory  
29 March 2023

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

**Our Opinion**

In our opinion, the accompanying financial statements of Nikko AM Shenton Asia Pacific 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 SHENTON ASIA PACIFIC FUND**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

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

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

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

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

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

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

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

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



**INDEPENDENT AUDITOR'S REPORT  
TO THE UNITHOLDERS OF NIKKO AM SHENTON ASIA PACIFIC 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 SHENTON ASIA PACIFIC 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 S\$	2021 S\$
<b>Income</b>			
Dividends		148,938	100,026
Interest on cash and cash equivalents		5,356	-
		<u>154,294</u>	<u>100,026</u>
<b>Less: Expenses</b>			
Management fee		916,378	1,399,316
Registrar fee		17,102	16,825
Custody fee		256	302
Audit fee		10,912	10,869
Valuation fee		12,229	18,658
Transaction costs		28,994	28,849
GST rebate		(15,785)	-
Other expenses		14,568	32,964
		<u>984,654</u>	<u>1,507,783</u>
<b>Net losses</b>		<u>(830,360)</u>	<u>(1,407,757)</u>
<b>Net gains or losses on value of investments</b>			
Net (losses)/gains on investments		(17,226,310)	2,134,125
Net foreign exchange losses		(26,701)	(8,840)
		<u>(17,253,011)</u>	<u>2,125,285</u>
<b>Total (deficit)/return for the financial year before income tax</b>		<u>(18,083,371)</u>	<u>717,528</u>
<b>Less: Income tax</b>	3	-	(233)
<b>Total (deficit)/return for the financial year after income tax</b>		<u>(18,083,371)</u>	<u>717,295</u>

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

**NIKKO AM SHENTON ASIA PACIFIC FUND**

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

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2022

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	Note	2022 S\$	2021 S\$
<b>ASSETS</b>			
Portfolio of investments		<b>50,403,506</b>	80,180,728
Receivables	4	<b>3,739</b>	91,587
Cash and cash equivalents		<b>538,430</b>	913,117
<b>Total assets</b>		<b>50,945,675</b>	81,185,432
<b>LIABILITIES</b>			
Payables	5	<b>356,220</b>	423,272
<b>Total liabilities</b>		<b>356,220</b>	423,272
<b>EQUITY</b>			
Net assets attributable to unitholders	6	<b>50,589,455</b>	80,762,160

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

**NIKKO AM SHENTON ASIA PACIFIC 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 S\$	2021 S\$
<b>Net assets attributable to unitholders at the beginning of the financial year</b>		<b>80,762,160</b>	98,643,204
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		<b>(18,083,371)</b>	717,295
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		<b>1,312,296</b>	2,926,266
Cancellation of units		<b>(13,401,630)</b>	(21,524,605)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		<b>(12,089,334)</b>	(18,598,339)
Total decreases in net assets attributable to unitholders		<b>(30,172,705)</b>	(17,881,044)
<b>Net assets attributable to unitholders at the end of the financial year</b>	6	<b>50,589,455</b>	80,762,160

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

**NIKKO AM SHENTON ASIA PACIFIC 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 S\$	Percentage of total net assets attributable to unitholders at 31 December 2022 %
<b>Quoted Equities</b>			
<b>AUSTRALIA</b>			
BHP Group Limited	38,320	1,590,381	3.14
Commonwealth Bank of Australia	9,568	892,882	1.76
CSL Limited	6,672	1,746,272	3.45
IGO Limited	59,715	731,061	1.45
Omni Bridgeway Limited	184,975	609,042	1.21
Santos Limited	161,439	1,048,412	2.07
<b>Total AUSTRALIA</b>		<b>6,618,050</b>	<b>13.08</b>
<b>Total Quoted Equities</b>		<b>6,618,050</b>	<b>13.08</b>
<b>Quoted Investment Fund</b>			
<b>LUXEMBOURG</b>			
Nikko AM Global Umbrella Fund - Nikko AM Asia ex-Japan Fund	3,556,901	43,785,456	86.55
<b>Total LUXEMBOURG</b>		<b>43,785,456</b>	<b>86.55</b>
<b>Total Quoted Investment Fund</b>		<b>43,785,456</b>	<b>86.55</b>
<b>Portfolio of investments</b>		<b>50,403,506</b>	<b>99.63</b>
<b>Other net assets</b>		<b>185,949</b>	<b>0.37</b>
<b>Net assets attributable to unitholders</b>		<b>50,589,455</b>	<b>100.00</b>

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

**NIKKO AM SHENTON ASIA PACIFIC FUND**

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

**STATEMENT OF PORTFOLIO**

As at 31 December 2022

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**By Geography (Summary)**

	<b>Percentage of total net assets attributable to unitholders at 31 December 2022 %</b>	Percentage of total net assets attributable to unitholders at 31 December 2021 %
<b>Quoted Equities</b>		
Australia	<b>13.08</b>	10.71
New Zealand	-	1.03
<b>Total Quoted Equities</b>	<b>13.08</b>	11.74
<b>Quoted Investment Fund</b>		
Luxembourg	<b>86.55</b>	87.54
<b>Total Quoted Investment Fund</b>	<b>86.55</b>	87.54
<b>Portfolio of investments</b>	<b>99.63</b>	99.28
<b>Other net assets</b>	<b>0.37</b>	0.72
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	100.00

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

**NIKKO AM SHENTON ASIA PACIFIC FUND**

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

**STATEMENT OF PORTFOLIO**

As at 31 December 2022

**By Industry (Secondary)**

	<b>Fair value at 31 December 2022 S\$</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2022 %</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2021 %</b>
Banks	892,882	1.76	-
Biotechnology	1,746,272	3.45	2.86
Diversified Financial Services	609,042	1.21	-
Equity Fund	43,785,456	86.55	87.54
Mining	2,321,442	4.59	5.22
Oil and Gas	1,048,412	2.07	-
Software	-	-	3.66
<b>Portfolio of investments</b>	<b>50,403,506</b>	<b>99.63</b>	<b>99.28</b>
<b>Other net assets</b>	<b>185,949</b>	<b>0.37</b>	<b>0.72</b>
<b>Net assets attributable to unitholders</b>	<b>50,589,455</b>	<b>100.00</b>	<b>100.00</b>

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

## NIKKO AM SHENTON ASIA PACIFIC 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

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

#### 1. General

Nikko AM Shenton Asia Pacific Fund (the "Fund") is a Singapore domiciled fund, constituted under a Trust Deed dated 15 March 1990, as amended by Supplemental Deeds and Amended and Restated Deeds (collectively referred to as the "Deeds"). The Deeds are governed by the laws of the Republic of Singapore. The Trustee of the Fund is BNP Paribas Trust Services Singapore Limited (the "Trustee"). The Manager of the Fund is Nikko Asset Management Asia Limited (the "Manager").

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

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

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

#### 2. Significant accounting policies

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

##### (a) Basis of preparation

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

##### (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) 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.



## NIKKO AM SHENTON ASIA PACIFIC 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

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

##### (c) Investments (continued)

###### (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.

##### (d) Basis of valuation of investments

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

##### (e) 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.

##### (f) 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.

##### (g) Payables

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

##### (h) Cash and cash equivalents

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

##### (i) 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").

## NIKKO AM SHENTON ASIA PACIFIC 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

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

##### (i) Foreign currency translation (continued)

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

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

###### (ii) *Transactions and balances*

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

##### (j) 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 another 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 its 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 is included in the Statement of Total Return in "Net (losses)/gains on investments".

## NIKKO AM SHENTON ASIA PACIFIC 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

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#### 3. Income tax

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

Under the DUT Scheme, certain income of the DUT fund is not taxable in accordance with Sections 35(12) and 35(12A) of the Income Tax Act 1947. Such income includes:

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

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

	<b>2022</b>	2021
	<b>S\$</b>	S\$
Overseas income tax	<u>-</u>	<u>233</u>

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

#### 4. Receivables

	<b>2022</b>	2021
	<b>S\$</b>	S\$
Receivable from unitholders for creation of units	<u>3,739</u>	<u>91,587</u>

**NIKKO AM SHENTON ASIA PACIFIC 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***5. Payables**

	2022 S\$	2021 S\$
Payable to unitholders for cancellation of units	132,671	62,231
Amount due to the Manager	206,792	342,488
Valuation fee payable	2,768	4,566
Registrar fee payable	2,967	2,967
Provision for audit fee	11,022	11,020
	<b>356,220</b>	<b>423,272</b>

Amount due to the Manager comprises of management fee and is payable to Nikko Asset Management Asia Limited. Trustee fee is payable out of the management fees by Nikko Asset Management Asia Limited to BNP Paribas Trust Services Singapore Limited. Valuation fee is payable to BNP Paribas, operating through its Singapore Branch. Registrar fee is payable to BNP Paribas Trust Services Singapore Limited.

**6. 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 Class</u></b>	2022	2021
Units at beginning of the financial year	40,201,167	49,243,777
Units created	785,871	1,399,634
Units cancelled	(7,900,999)	(10,442,244)
Units at end of the financial year	<b>33,086,039</b>	<b>40,201,167</b>
Net assets attributable to unitholders - S\$	<b>50,589,455</b>	80,762,160
Net asset value per unit - S\$	<b>1.529</b>	2.009

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 Class</u></b>	2022 S\$	2021 S\$
Net assets attributable to unitholders per financial statements per unit	1.529	2.009
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>1.529</b>	<b>2.009</b>

<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 SHENTON ASIA PACIFIC 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*

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#### **7. Financial risk management**

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

The Fund's primary objective is to achieve medium to long term capital appreciation by investing primarily in equities listed on the stock exchanges of the Asia Pacific region. The Fund will seek to achieve its investment objective by investing its assets substantially into the Nikko AM Asia ex-Japan Fund (the "Underlying Fund"), a sub-fund of the Nikko AM Global Umbrella Fund, which is registered under the Luxembourg law relating to UCITS. The Fund may also invest directly in equities in Australia, New Zealand and Japan.

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

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

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

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

As the Fund invests in the Underlying Fund which invests primarily in equities listed in the Asia-Pacific basin (ex-Japan), the Manager is of the view that the price risk of the Fund is best reflected by movements in its benchmark of MSCI AC Asia Pacific ex Japan Index (Net Total Return) (the "Benchmark").

As at 31 December 2022, an increase/decrease of the index component within the Benchmark by 18% (2021: 24%), with all other variables remaining constant, the net assets attributable to unitholders for the year would increase/decrease by approximately 16% (2021: 21%). The analysis was based on the assumptions that the index components within the Benchmark increased/decreased by a reasonable possible shift, with all other variables held constant and that the fair value of Fund's investments moved according to the beta. Reasonable possible changes in market index percentage are revised annually depending on the Manager's current view on market volatility and other relevant factors.

## NIKKO AM SHENTON ASIA PACIFIC 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. Financial risk management (continued)

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

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

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

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

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

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

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

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

As at 31 December 2022	SGD S\$	AUD S\$	USD S\$	Total S\$
<b>Assets</b>				
Portfolio of investments	43,785,456	6,618,050	-	50,403,506
Receivables	3,739	-	-	3,739
Cash and cash equivalents	526,573	126	11,731	538,430
<b>Total assets</b>	<b>44,315,768</b>	<b>6,618,176</b>	<b>11,731</b>	<b>50,945,675</b>
<b>Liabilities</b>				
Payables	356,220	-	-	356,220
<b>Total liabilities</b>	<b>356,220</b>	<b>-</b>	<b>-</b>	<b>356,220</b>
<b>Net currency exposure</b>	<b>43,959,548</b>	<b>6,618,176</b>	<b>11,731</b>	
<b>As at 31 December 2021</b>	<b>SGD S\$</b>	<b>AUD S\$</b>	<b>USD S\$</b>	<b>Total S\$</b>
<b>Assets</b>				
Portfolio of investments	70,702,802	9,477,926	-	80,180,728
Receivables	91,587	-	-	91,587
Cash and cash equivalents	901,383	-	11,734	913,117
<b>Total assets</b>	<b>71,695,772</b>	<b>9,477,926</b>	<b>11,734</b>	<b>81,185,432</b>
<b>Liabilities</b>				
Payables	423,272	-	-	423,272
<b>Total liabilities</b>	<b>423,272</b>	<b>-</b>	<b>-</b>	<b>423,272</b>
<b>Net currency exposure</b>	<b>71,272,500</b>	<b>9,477,926</b>	<b>11,734</b>	

## NIKKO AM SHENTON ASIA PACIFIC 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

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

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

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

As of 31 December 2022 and 2021, the Fund does not hold substantial monetary assets/liabilities denominated in foreign currencies. Changes in foreign exchange rates on monetary assets/liabilities will not result in a significant change in the net asset value of the Fund. Hence, no separate sensitivity analysis on foreign currency risk has been presented.

##### (d) Liquidity risk

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

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

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

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

The Fund's financial liabilities are analysed using contractual undiscounted cash flows for maturity groupings based on the remaining year at the Statement of Financial Position date to the contractual maturity date. As at 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.

	<u>Less than 3 months</u>	
	As at	As at
	31 December	31 December
	2022	2021
	S\$	S\$
Payables	356,220	423,272
<b>Contractual cash outflows</b>	<b>356,220</b>	<b>423,272</b>

## NIKKO AM SHENTON ASIA PACIFIC 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

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

##### (e) Credit risk

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

Concentrations of credit risk are minimised primarily by:

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

The Fund is also exposed to counterparty credit risk on its financial assets held at amortised cost. As at 31 December 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.

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.

	<b>Credit rating as at 31 December 2022</b>	Credit rating as at 31 December 2021
<b>Bank and custodian</b>		
- BNP Paribas, operating through its Singapore Branch	<b>Aa3</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).

As at 31 December 2022, the custodian of the Underlying Fund is BNP Paribas Securities Services (Luxembourg) S.C.A. and is rated Aa3 (2021: A+) based on the Long Term Issuer Default rating by Moody's (2021: Long-Term Local Issuer Ratings from a well-known rating agency).

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

##### (f) Capital management

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



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### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

##### (g) Fair value estimation

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

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

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

<b>As at 31 December 2022</b>	<b>Level 1 S\$</b>	<b>Level 2 S\$</b>	<b>Level 3 S\$</b>	<b>Total S\$</b>
<b>Assets</b>				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted equities	6,618,050	-	-	6,618,050
- Quoted investment fund	43,785,456	-	-	43,785,456
	<u>50,403,506</u>	-	-	<u>50,403,506</u>
<b>As at 31 December 2021</b>				
	<b>Level 1 S\$</b>	<b>Level 2 S\$</b>	<b>Level 3 S\$</b>	<b>Total S\$</b>
<b>Assets</b>				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted equities	9,477,926	-	-	9,477,926
- Quoted investment fund	70,702,802	-	-	70,702,802
	<u>80,180,728</u>	-	-	<u>80,180,728</u>

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

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 SHENTON ASIA PACIFIC FUND

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For the financial year ended 31 December 2022

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#### 7. 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 those Underlying Fund. The Manager makes investment decisions after extensive due diligence of the Underlying Fund, its strategy and the overall quality of the Underlying Fund's manager. The Underlying Fund in the Statement of Portfolio is managed by portfolio manager who are 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.

#### 8. Related party transactions

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

	2022 S\$	2021 S\$
Bank balances held with related party of the Trustee	<u>538,430</u>	<u>913,117</u>

#### 9. Financial ratios

##### Expense ratio

		2022	2021
<b>SGD Class</b>			
Total operating expenses	S\$	955,659	1,478,934
Average daily net asset value	S\$	60,999,075	93,209,322
<b>Total expense ratio<sup>1</sup></b> (including the Underlying Fund's expense ratio)	%	1.57	1.59
Weighted average of the Underlying Fund's unaudited expense ratio	%	<u>-</u>	<u>-</u>

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### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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#### 9. Financial ratios (continued)

##### Turnover ratio

		2022	2021
Lower of total value of purchases or sales	S\$	<b>4,870,976</b>	3,114,841
Average daily net asset value	S\$	<b>60,999,075</b>	93,209,322
<b>Total turnover ratio<sup>2</sup></b>	<b>%</b>	<b>7.99</b>	<b>3.34</b>

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

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

## NIKKO AM SHENTON ASIA PACIFIC FUND

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### REPORT TO UNITHOLDERS

For the financial year ended 31 December 2022

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The following contains additional information relating to the Fund.

#### 1. Distribution of investments

Please refer to the Statement of Portfolio on pages 15 to 17.

#### 2. Credit rating of debt securities

Nil.

#### 3. Top 10 holdings

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

	Fair value S\$	Percentage of total net assets attributable to unitholders %
<b>Nikko AM Global Umbrella Fund - Nikko AM Asia ex-Japan Fund</b>	<b>43,785,456</b>	<b>86.55</b>
<b>CSL Limited</b>	<b>1,746,272</b>	<b>3.45</b>
<b>BHP Group Limited</b>	<b>1,590,381</b>	<b>3.14</b>
<b>Santos Limited</b>	<b>1,048,412</b>	<b>2.07</b>
<b>Commonwealth Bank of Australia</b>	<b>892,882</b>	<b>1.76</b>
<b>IGO Limited</b>	<b>731,061</b>	<b>1.45</b>
<b>Omni Bridgeway Limited</b>	<b>609,042</b>	<b>1.21</b>

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

	Fair value S\$	Percentage of total net assets attributable to unitholders %
<b>Nikko AM Global Umbrella Fund - Nikko AM Asia ex-Japan Fund</b>	<b>70,702,802</b>	<b>87.54</b>
<b>CSL Limited</b>	<b>2,310,651</b>	<b>2.86</b>
<b>Alumina Limited</b>	<b>2,145,421</b>	<b>2.66</b>
<b>Megaport Limited</b>	<b>2,125,503</b>	<b>2.63</b>
<b>IGO Limited</b>	<b>2,068,439</b>	<b>2.56</b>
<b>Xero Limited</b>	<b>827,912</b>	<b>1.03</b>

#### 4. Exposure to financial derivatives

Nil.

**NIKKO AM SHENTON ASIA PACIFIC FUND**  
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**REPORT TO UNITHOLDERS**  
For the financial year ended 31 December 2022

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**5. Global exposure to financial derivatives**

Nil.

**6. Collateral**

Nil.

**7. Securities lending or repurchase transactions**

Nil.

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

Please refer to the Statement of Portfolio on pages 15 to 17.

**9. Borrowings**

Nil.

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

**S\$**

Units created	1,312,296
Units cancelled	(13,401,630)

**11. Turnover ratio**

Please refer to Note 9 of the Notes to the Financial Statements on page 29.

**12. Expense ratio**

Please refer to Note 9 of the Notes to the Financial Statements on pages 28 to 29.

**13. Related party transactions**

Please refer to Note 8 of the Notes to the Financial Statements on page 28.

**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.

The management company of the Underlying Fund, Nikko Asset Management Luxembourg S.A. currently does not receive any soft-dollar commission from, or enter into any soft dollar arrangements with, stockbrokers who execute trades on behalf of the Nikko AM Global Umbrella Fund-Nikko AM Asia ex-Japan Fund, the Underlying Fund of the Fund.

## NIKKO AM SHENTON ASIA PACIFIC FUND

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### REPORT TO UNITHOLDERS

For the financial year ended 31 December 2022

The details which follow make reference to the investments within the Nikko AM Global Umbrella Fund - Nikko AM Asia ex-Japan Fund, unless stated otherwise.

#### 1. Top 10 holdings

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

	Fair value US\$	Percentage of total net assets attributable to unitholders %
AIA Group Ltd	2,935,977	7.41
Taiwan Semiconductor Sponsored ADR	2,290,984	5.78
Reliance Industries Ltd Sponsored GDR	1,859,145	4.69
Samsung Electronics Company Limited	1,531,825	3.87
Tencent Holdings Limited	1,270,960	3.21
JD.com Inc	1,121,177	2.83
Kotak Mahindra Bank Limited	1,103,485	2.79
Yonyou Network Technology Co Ltd	1,077,128	2.72
H World Group Ltd	1,072,666	2.71
Bank Central Asia TBK PT	1,024,078	2.59

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

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Taiwan Semiconductor Sponsored ADR	4,788,579	7.60
Samsung Electronics Company Limited	4,314,256	6.84
Tencent Holdings Limited	3,925,658	6.23
AIA Group Limited	2,822,878	4.48
Reliance Industries Ltd Sponsored GDR	2,379,452	3.48
Sun Pharmaceutical Indus	1,875,223	2.98
DBS Group Holdings Limited	1,635,258	2.59
IndusInd Bank Limited	1,602,778	2.54
Alibaba Group Holding Limited	1,507,392	2.34
Jonjee High-Tech Industrial and Commercial Holding Company Limited	1,426,487	2.26

#### 2. Financial Ratios

	2022 %	2021 %
Expense ratio <sup>1</sup>	-	-
Turnover ratio	57.17	65.92

<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. The expenses are fully reimbursed.



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