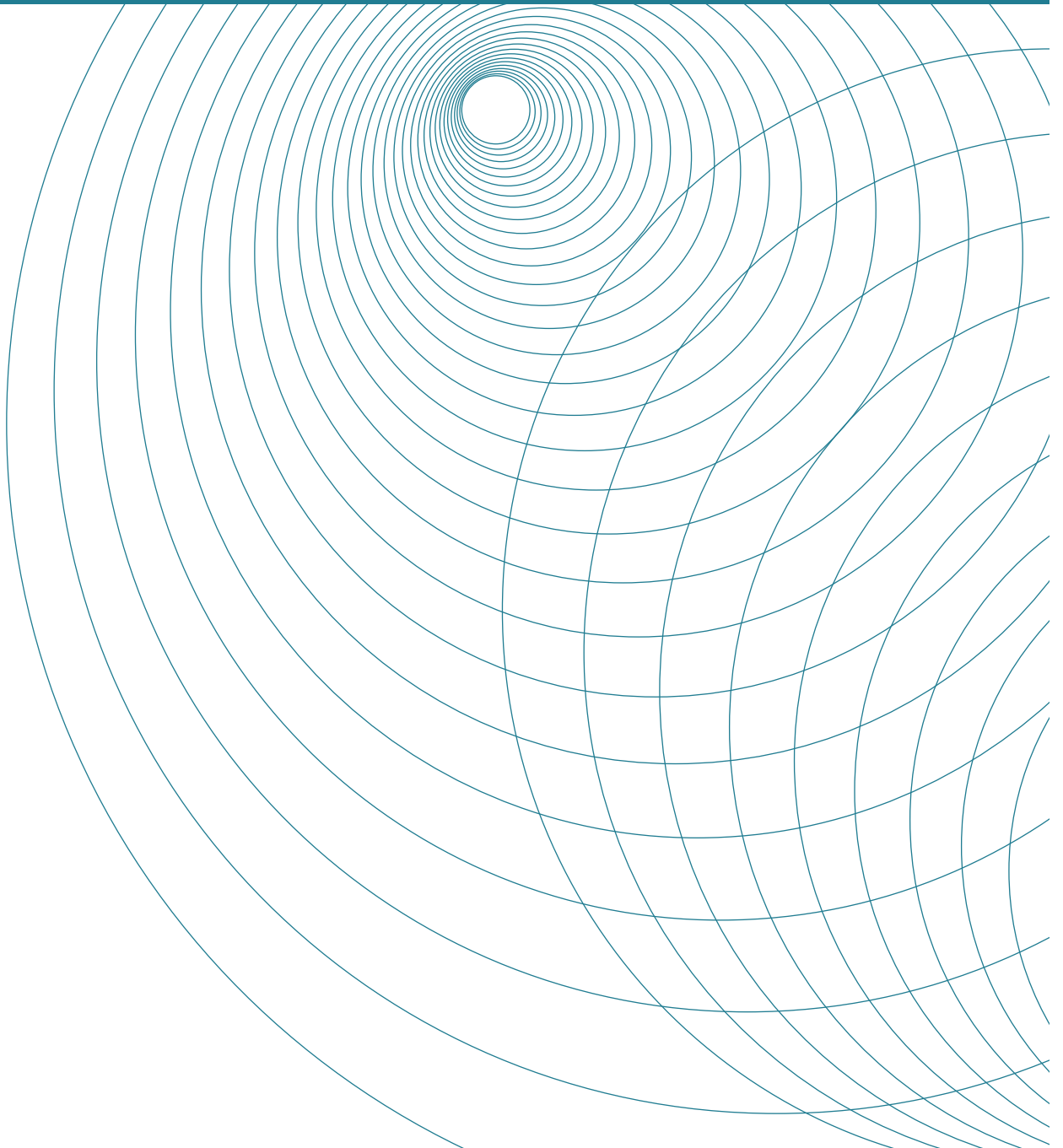


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**ANNUAL REPORT**  
**Nikko AM Shenton Emerging Enterprise Discovery Fund**  
Financial year ended 31 December 2023

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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**

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

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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 Emerging Enterprise Discovery Fund - SGD Class <sup>1</sup>	2.04	5.56	17.63	1.17	15.21	7.67	5.99
Benchmark <sup>2</sup>	5.00	8.77	19.57	5.27	8.89	4.88	4.49

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 Emerging Enterprise Discovery Fund - SGD Class <sup>1</sup>	-3.06	0.28	11.75	-0.54	14.03	7.12	5.78
Benchmark <sup>2</sup>	5.00	8.77	19.57	5.27	8.89	4.88	4.49

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: 13 March 1998**

#### **Note:**

- (1) With effect from 17 October 2011, the Fund (formerly known as "Shenton Global Advantage Fund") was renamed as Nikko AM Shenton Global Advantage Fund. With effect from 1 October 2012, the investment focus and approach of the Fund was changed and the Fund was re-named Nikko AM Shenton Emerging Enterprise Discovery Fund.
- (2) Prior to 1 May 2017, the performance returns of the benchmark was calculated using price index methodology. With effect from 1 May 2017, it is calculated using net total return index methodology. With effect from 1 October 2012, the benchmark was changed from MSCI World Small Cap Index to MSCI AC Asia ex Japan Small Cap Index.

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## **Portfolio Review**

### ***Fund returned 17.63% in 2023***

For the 12-month period ended 31 December 2023, the Nikko AM Shenton Emerging Enterprise Discovery Fund (the "Fund") posted a return of 17.63% (SGD terms, on a NAV-NAV basis), underperforming the benchmark which returned 19.57% for the period. Some of the contributors included Hanmi Semiconductor, Gold Circuit Electronics, Clio Cosmetics and HPSP. Detractors included Wilcon Depot and CS Wind. The largest detractor was Ecopro Co, an electric vehicle "meme" stock which we did not own that single handedly led to a 1.7% of underperformance.

Starting our review in South Korea, Clio Cosmetics was one of the top ten contributors. Clio is one of the leading cosmetic companies. The company delivered stellar growth of 21% year-on-year (YoY) in sales and 170% growth in net profit in 2023. The strong growth was delivered due to their strong product portfolio. The company ranked first in colour make up and fifth in skincare (from 11th in 2022) in Korea's fastest-growing channel Olive Young. In addition, Clio launched a new product line Twinkle Pop targeted at the alpha generation. Moving forward, the company is also expanding into new categories such as inner beauty for further growth. The company trades at 15x price-to-earnings (P/E) ratio FY24 with a 26% net profit growth.

Another company that contributed significantly was HPSP, a Korean technology equipment company. HPSP is an exclusive manufacturer and supplier of high-pressure hydrogen annealing equipment to semiconductor foundry companies and memory makers. The company benefits from technology migration as advanced processes will use their products. The company trades at 48x P/E ratio FY24 with a 12% net profit growth.

Across in Taiwan, Accton Technology continued to deliver positive returns. The company benefits from the growth in artificial intelligence (AI) through increasing demand for high speed switches and smart network interface cards. While there exists slight slowdown in enterprise server demand due to excess inventory, we think that the situation will be manageable and the strong tailwind from AI will be able to offset the decline.

While the Fund has been done well in many instances, there were hard decisions that we had to undertake. In South Korea, we cut our exposure to Hansol Chemical, a manufacturer and distributor of fine chemicals. We had originally thought that demand for the chemicals would recover but it took longer than expected and margins continued to be under pressure. Across in Singapore, we cut losses from Seatrium, an engineering company that provides offshore and marine services. The company reported weaker-than-expected results on the back of larger-than-expected write-downs. This is not an exhaustive review of the activities the Fund undertook during 2023, but an overview of some of the ideas that materialised from our meetings with company management, regular research and our endeavour to identify suitable investments for the Fund.

## **Market Review**

Asian stocks largely rose in 2023, with the MSCI Asia ex-Japan Small Cap Index (Net Total Return) returning 21.6% 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

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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.

### **Market Outlook and Strategy**

Small-cap companies in Asia continue to look attractive, with the MSCI Asia ex Japan Small Cap Index trading at a 13.07x FY24 P/E multiple, below the mid-cycle valuations of 15.5x P/E. 2024 is an exciting year with elections happening in multiple countries across the region, from Taiwan to Indonesia, India and Korea. The US elections will also be of focus, and we think that geopolitical risks will continue to be of focus. We continue to be bottom-up focused and concentrate on companies with sustainable earning growth which display positive fundamental change that are undervalued. We continue to be focused on the core fundamentals of companies, constructing the portfolio from a bottom-up perspective, while staying cognisant of macroeconomic risks. Areas that we like include the technology sector which benefits from the growth in AI as well as selected areas within the consumer space.

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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 EMERGING ENTERPRISE DISCOVERY 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 Emerging Enterprise Discovery 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 11 to 31, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

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

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Authorised signatory  
27 March 2024



## **NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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 11 to 31, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of Nikko AM Shenton Emerging Enterprise Discovery 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 EMERGING ENTERPRISE DISCOVERY 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 Emerging Enterprise Discovery 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 EMERGING ENTERPRISE  
DISCOVERY 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 RAP7 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 EMERGING ENTERPRISE  
DISCOVERY 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 EMERGING ENTERPRISE DISCOVERY 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		485,702	690,967
Interest on cash and cash equivalents		34,202	11,326
Other income		13,231	-
		<u>533,135</u>	<u>702,293</u>
<b>Less: Expenses</b>			
Management fee		373,277	390,408
Transfer agent fee		11,298	15,336
Trustee fee		24,885	26,027
Custody fee		11,418	9,553
Audit fee		11,396	10,402
Valuation fee		11,207	11,839
Transaction costs		160,964	198,367
Other expenses*		43,700	25,254
		<u>648,145</u>	<u>687,186</u>
<b>Net (losses)/income</b>		<u>(115,010)</u>	<u>15,107</u>
<b>Net gains or losses on value of investments</b>			
Net gains/(losses) on investments		4,136,482	(7,638,212)
Net foreign exchange losses		(63,662)	(85,435)
		<u>4,072,820</u>	<u>(7,723,647)</u>
<b>Total return/(deficit) for the financial year before income tax</b>		<u>3,957,810</u>	<u>(7,708,540)</u>
<b>Less: Income tax</b>	3	<u>(67,373)</u>	<u>(88,695)</u>
<b>Total return/(deficit) for the financial year after income tax</b>		<u>3,890,437</u>	<u>(7,797,235)</u>

\* The balances include non-audit related fees paid to a network firm of the Fund's Auditor which amounted to SGD 3,716 for 2023 (2022: SGD 17,734).

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

## NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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		26,589,236	20,011,834
Receivables	4	97,414	48,498
Cash and cash equivalents		1,949,242	1,436,065
<b>Total assets</b>		<b>28,635,892</b>	<b>21,496,397</b>
<b>LIABILITIES</b>			
Payables	5	583,710	145,661
Purchases awaiting settlement		77,182	-
<b>Total liabilities</b>		<b>660,892</b>	<b>145,661</b>
<b>EQUITY</b>			
Net assets attributable to unitholders	6	27,975,000	21,350,736

The accompanying notes form an integral part of these financial statements

**NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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>21,350,736</b>	40,854,828
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		<b>3,890,437</b>	(7,797,235)
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		<b>8,290,323</b>	4,021,261
Cancellation of units		<b>(5,556,496)</b>	(15,728,118)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		<b>2,733,827</b>	(11,706,857)
Total increase/(decrease) in net assets attributable to unitholders		<b>6,624,264</b>	(19,504,092)
<b>Net assets attributable to unitholders at the end of the financial year</b>	6	<b>27,975,000</b>	21,350,736

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

# NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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>CHINA</b>			
ClouDr Group Limited	80,300	92,921	0.33
Giant Biogene Holding Company Limited	21,400	128,698	0.45
JNBY Design Limited	207,500	368,057	1.32
Meitu Incorporated	212,000	128,928	0.46
Remegen Company Limited	26,000	164,487	0.59
Shenzhen Fuanna Bedding and Furnishing Company Limited	83,700	138,775	0.50
Shenzhou International Group Holdings Limited	20,200	274,356	0.98
Sunjuice Holdings Company Limited	42,500	441,145	1.58
Yangzijiang Shipbuilding Holdings Limited	95,700	142,593	0.51
<b>Total CHINA</b>		<b>1,879,960</b>	<b>6.72</b>
<b>HONG KONG SAR</b>			
China State Construction Development Holdings Limited	698,000	271,201	0.97
China Water Affairs Group Limited	260,000	188,425	0.67
Stella International Holdings Limited	131,000	203,816	0.73
<b>Total HONG KONG SAR</b>		<b>663,442</b>	<b>2.37</b>
<b>INDIA</b>			
ABB India Limited	3,996	296,127	1.06
Aegis Logistics Limited	38,666	215,692	0.77
Ashok Leyland Limited	91,706	263,342	0.94
Cera Sanitaryware Limited	3,586	446,082	1.59
CreditAccess Grameen Limited	18,476	467,601	1.67
Dixon Technologies India Limited	3,870	401,825	1.44
Eureka Forbes Limited	23,199	187,388	0.67
Federal Bank Limited	136,208	337,479	1.21
Five-Star Business Finance Limited	26,290	306,311	1.09
Godrej Consumer Products Limited	16,746	300,286	1.07
Godrej Properties Limited	10,735	341,534	1.22
Indian Hotels Company Limited	65,186	452,960	1.62
KEI Industries Limited	7,389	379,503	1.36
Krishna Institute of Medical Sciences Limited	10,745	337,117	1.21
Mrs Bectors Food Specialities Limited	7,704	136,357	0.49
PB Fintech Limited	24,489	308,619	1.10
Phoenix Mills Limited	14,025	499,041	1.78
Rainbow Children's Medicare Limited	21,702	407,853	1.46
RITES Limited	46,874	373,307	1.33
UNO Minda Limited	33,780	368,759	1.32
Vijaya Diagnostic Centre Private Limited	38,719	413,131	1.48
<b>Total INDIA</b>		<b>7,240,314</b>	<b>25.88</b>
<b>INDONESIA</b>			
PT Arwana Citramulia TBK	3,917,800	223,207	0.80
PT Map Aktif Adiperkasa	4,065,500	285,609	1.02
PT Medikaloka Hermina TBK	2,191,800	279,789	1.00
<b>Total INDONESIA</b>		<b>788,605</b>	<b>2.82</b>

The accompanying notes form an integral part of these financial statements



# NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY FUND

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

## STATEMENT OF PORTFOLIO

As at 31 December 2023

### By Geography (Primary) (continued)

	Holdings at 31 December 2023	Fair value at 31 December 2023 S\$	Percentage of total net assets attributable to unitholders at 31 December 2023 %
<b>Quoted Equities (continued)</b>			
<b>MALAYSIA</b>			
Genetec Technology Berhad	184,900	125,268	0.45
<b>Total MALAYSIA</b>		<b>125,268</b>	<b>0.45</b>
<b>SINGAPORE</b>			
BRC Asia Limited	119,600	214,084	0.77
First Resources Limited	178,800	255,684	0.91
Genting Singapore Limited	143,600	143,600	0.51
<b>Total SINGAPORE</b>		<b>613,368</b>	<b>2.19</b>
<b>SOUTH KOREA</b>			
Clio Cosmetics Company Limited	15,214	479,945	1.72
Cosmax Incorporated	3,147	407,419	1.46
Dreamtech Company Limited	29,476	392,171	1.40
EO Technics Company Limited	1,581	247,592	0.89
Fine M-Tec Company Limited	30,674	283,069	1.01
Hanmi Semiconductor Company Limited	7,290	460,691	1.65
HPSP Company Limited	11,428	513,260	1.83
Hyundai Mipo Dockyard Company Limited	2,992	260,176	0.93
iFamilySC Company Limited	12,650	340,756	1.22
Intellian Technologies Incorporated	2,817	209,181	0.75
Jeisys Medical Incorporated	43,207	464,223	1.66
Kolmar Korea Company Limited	5,866	322,036	1.15
Lunit Incorporated	3,033	254,421	0.91
Myoung Shin Industrial Company Limited	8,812	171,575	0.61
Nextin Incorporated	2,646	188,082	0.67
Openedges Technology Incorporated	7,880	207,019	0.74
SPG Company Limited	4,052	149,406	0.53
ST Pharm Company Limited	4,278	297,076	1.06
Sunjin Beauty Science Company Limited	29,360	246,886	0.88
T&L Company Limited	8,743	358,194	1.28
<b>Total SOUTH KOREA</b>		<b>6,253,178</b>	<b>22.35</b>

The accompanying notes form an integral part of these financial statements

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

	Holdings at 31 December 2023	Fair value at 31 December 2023 S\$	Percentage of total net assets attributable to unitholders at 31 December 2023 %
<b>Quoted Equities (continued)</b>			
<b>TAIWAN</b>			
Accton Technology Corporation	16,000	359,664	1.29
Andes Technology Corporation	22,000	453,879	1.62
Bafang Yunji International Company Limited	44,000	322,443	1.15
Chailease Holding Company Limited	43,293	359,129	1.28
Chief Telecom Incorporated	33,800	475,051	1.70
CTCI Corporation	226,000	409,432	1.46
DR Wu Skincare Company Limited	80,000	522,648	1.87
eMemory Technology Incorporated	3,000	315,910	1.13
Global PMX Company Limited	49,000	270,629	0.97
Gold Circuit Electronics Limited	59,700	559,380	2.00
Great Tree Pharmacy Company Limited	20,877	313,611	1.12
Lite-On Technology Corporation	79,000	397,273	1.42
Powertech Technology Incorporated	47,000	284,835	1.02
Sinbon Electronics Company Limited	34,000	436,944	1.56
Sporton International Incorporated	49,777	515,610	1.84
Taiwan Taxi Company Limited	71,000	341,784	1.22
Teco Electric and Machinery Company Limited	127,000	255,461	0.91
Tong Hsing Electronic Industries Limited	50,420	341,318	1.22
Unimicron Technology Corporation	46,000	347,974	1.24
Universal Vision Biotechnology Company Limited	39,464	469,847	1.68
Visual Photonics Epitaxy Company Limited	55,000	379,414	1.36
Winway Technology Company Limited	4,000	144,244	0.53
<b>Total TAIWAN</b>		<b>8,276,480</b>	<b>29.59</b>
<b>UNITED STATES OF AMERICA</b>			
Parade Technologies Limited	7,000	361,040	1.29
Samsonite International SA	89,100	387,581	1.39
<b>Total UNITED STATES OF AMERICA</b>		<b>748,621</b>	<b>2.68</b>
<b>Total Quoted Equities</b>		<b>26,589,236</b>	<b>95.05</b>
<b>Portfolio of investments</b>		<b>26,589,236</b>	<b>95.05</b>
<b>Other net assets</b>		<b>1,385,764</b>	<b>4.95</b>
<b>Net assets attributable to unitholders</b>		<b>27,975,000</b>	<b>100.00</b>

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

## NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY FUND

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

### STATEMENT OF PORTFOLIO

As at 31 December 2023

#### By Geography (Summary)

	Percentage of total net assets attributable to unitholders at 31 December 2023 %	Percentage of total net assets attributable to unitholders at 31 December 2022 %
<b>Quoted Equities</b>		
China	6.72	10.83
Hong Kong SAR	2.37	4.45
India	25.88	20.79
Indonesia	2.82	2.57
Malaysia	0.45	-
Philippines	-	2.72
Singapore	2.19	3.03
South Korea	22.35	18.56
Taiwan	29.59	23.26
Thailand	-	3.01
United States of America	2.68	2.39
<b>Total Quoted Equities</b>	<b>95.05</b>	<b>91.61</b>
<b>Quoted Real Estate Investment Trusts</b>		
Philippines	-	0.96
Singapore	-	1.16
<b>Total Quoted Real Estate Investment Trusts</b>	<b>-</b>	<b>2.12</b>
<b>Portfolio of investments</b>	<b>95.05</b>	<b>93.73</b>
<b>Other net assets</b>	<b>4.95</b>	<b>6.27</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

The accompanying notes form an integral part of these financial statements

**NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2023*

<b>By Industry (Secondary)</b>	<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>
Agriculture	255,684	0.91	1.24
Apparel	1,233,810	4.41	5.91
Auto Manufacturers	263,342	0.94	1.02
Auto Parts & Equipment	810,963	2.90	2.69
Banks	337,479	1.21	1.69
Beverages	441,145	1.58	2.36
Biotechnology	164,487	0.59	1.33
Building Materials	1,223,559	4.37	3.47
Chemicals	-	-	2.90
Commercial Services	888,917	3.18	3.68
Computers	992,490	3.55	3.02
Cosmetics/Personal Care	2,407,918	8.62	6.08
Diversified Financial Services	1,133,041	4.05	2.09
Electrical Component & Equipment	675,630	2.42	-
Electronics	2,102,548	7.52	6.18
Energy-Alternate Sources	-	-	2.38
Engineering and Construction	409,432	1.46	1.63
Entertainment	143,600	0.51	2.32
Environmental Control	375,813	1.34	1.07
Food	136,357	0.49	0.48
Food Service	322,443	1.15	-
Healthcare-Products	1,292,264	4.62	5.60
Healthcare-Services	1,530,811	5.47	0.99
Home Furnishings	397,273	1.42	2.35
Household Products/Wares	138,775	0.50	-
Internet	128,928	0.46	1.60
Iron/Steel	214,084	0.77	1.01
Leisure Time	-	-	0.37
Lodging	452,960	1.62	2.37
Machinery-Diversified	255,461	0.91	0.92
Mining	-	-	1.25
Oil and Gas	-	-	0.72
Packaging & Containers	-	-	1.23
Pharmaceuticals	297,076	1.06	0.90
Real Estate	840,575	3.00	4.42
Real Estate Investment Trusts (REITS)	-	-	2.12
Retail	939,976	3.36	4.70
Semiconductors	3,690,265	13.19	6.50
Shipbuilding	402,769	1.44	0.91
Software	563,040	2.01	1.49
Storage/Warehousing	215,692	0.77	-
Telecommunications	568,845	2.03	1.29
Transportation	341,784	1.22	1.45
Portfolio of investments	26,589,236	95.05	93.73
Other net assets	1,385,764	4.95	6.27
Net assets attributable to unitholders	<b>27,975,000</b>	<b>100.00</b>	<b>100.00</b>

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

# NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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 Emerging Enterprise Discovery Fund (the "Fund") is a Singapore domiciled fund, constituted by a Trust Deed dated 20 October 1997 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 may 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, the Fund did not reach the swing threshold and no swing pricing has been applied. For the financial year ended 31 December 2022, the Fund had reached the swing threshold and swing pricing had been applied on some Dealing Day.

### 2. Material accounting policy information

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

#### (a) Basis of preparation

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

## NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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)

##### (a) Basis of preparation (continued)

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

##### (b) Recognition of income

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

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

##### (c) 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 investments held by the Fund is the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value.

##### (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.

## NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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)

(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").

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) Expenses

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

(k) 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.

## NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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)

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

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

#### 3. Income tax

The 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.

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

	2023 S\$	2022 S\$
Singapore income tax	541	785
Overseas income tax	66,832	87,910
	<b>67,373</b>	<b>88,695</b>

The Singapore income tax represents tax deducted at source for Singapore sourced dividends. The overseas income tax represents tax deducted at source on dividends derived from outside Singapore.



## NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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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#### 4. Receivables

	2023 S\$	2022 S\$
Receivable from unitholders for creation of units	80,460	27,008
Dividends receivable	16,954	21,490
	<b>97,414</b>	<b>48,498</b>

#### 5. Payables

	2023 S\$	2022 S\$
Payable to unitholders for cancellation of units	420,211	37,564
Amount due to the Manager	112,231	85,646
Amount due to the Trustee	20,897	5,710
Valuation fee payable	9,404	2,712
Transfer agent fee payable	3,663	1,214
Provision for audit fee	11,340	10,486
Custody fee payable	5,964	2,329
	<b>583,710</b>	<b>145,661</b>

Amount due to the Manager comprises management fee payable to Nikko Asset Management Asia Limited. Trustee fee is payable to BNP Paribas Trust Services Singapore Limited. 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.

## NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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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#### 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>	<b>2023</b>	2022
Units at beginning of the financial year	<b>5,987,269</b>	8,657,114
Units created	<b>2,061,166</b>	1,003,935
Units cancelled	<b>(1,380,457)</b>	(3,673,780)
Units at end of the financial year	<b>6,667,978</b>	5,987,269
Net assets attributable to unitholders - S\$	<b>27,975,000</b>	21,350,736
Net asset value per unit - S\$	<b>4.195</b>	3.566

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>	<b>2023</b>	2022
	<b>S\$</b>	S\$
Net assets attributable to unitholders per financial statements per unit	<b>4.195</b>	3.566
Effect of adjustment of bid-ask prices per unit	<b>0.001</b>	0.002
Effect for movement in the net assets value between the last dealing date and the end of the reporting period <sup>^</sup>	<b>0.001</b>	-*
Net assets attributable to unitholders for issuing/redeeming per unit	<b>4.197</b>	3.568

<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 EMERGING ENTERPRISE DISCOVERY 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 objective is to achieve medium to long-term capital appreciation by investing primarily in listed equities of small to medium sized companies in Asia ex Japan, which in the Managers' opinion are undervalued.

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

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

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

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

The Fund's market price risk is managed through diversification of the investment portfolio exposure across various geographies and industries in Asia ex Japan.

The benchmark against which the performance of the Fund is measured is the MSCI Asia ex Japan Small Cap Index (the "Benchmark").

As at 31 December 2023, an increase/decrease of the index component within the Benchmark by 15% (2022: 16%), with all other variables remaining constant, the net assets attributable to unitholders for the year would increase/decrease by approximately 14% (2022: 14%). 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 EMERGING ENTERPRISE DISCOVERY 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)**

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

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

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

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

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

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

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

## NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

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

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

As at 31 December 2023	SGD S\$	USD S\$	HKD S\$	INR S\$	IDR S\$	KRW S\$	TWD S\$	Others S\$	Total S\$
<b>Assets</b>									
Portfolio of investments	755,961	-	2,208,470	7,240,314	788,605	6,253,178	9,078,665	264,043	26,589,236
Receivables	80,460	-	-	-	-	13,973	2,981	-	97,414
Cash and cash equivalents	1,312,592	822	33	37,734	-	1	598,060	-	1,949,242
<b>Total assets</b>	<b>2,149,013</b>	<b>822</b>	<b>2,208,503</b>	<b>7,278,048</b>	<b>788,605</b>	<b>6,267,152</b>	<b>9,679,706</b>	<b>264,043</b>	<b>28,635,892</b>
<b>Liabilities</b>									
Payables	583,710	-	-	-	-	-	-	-	583,710
Purchases awaiting settlement	-	-	-	-	-	77,182	-	-	77,182
<b>Total liabilities</b>	<b>583,710</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77,182</b>	<b>-</b>	<b>-</b>	<b>660,892</b>
<b>Net currency exposure</b>	<b>1,565,303</b>	<b>822</b>	<b>2,208,503</b>	<b>7,278,048</b>	<b>788,605</b>	<b>6,189,970</b>	<b>9,679,706</b>	<b>264,043</b>	

As at 31 December 2022	SGD S\$	USD S\$	HKD S\$	PHP S\$	INR S\$	IDR S\$	KRW S\$	THB S\$	TWD S\$	Others S\$	Total S\$
<b>Assets</b>											
Portfolio of investments	894,556	-	2,940,323	787,289	4,439,764	548,760	3,962,666	640,825	5,639,328	158,323	20,011,834
Receivables	27,008	-	-	3,554	-	-	17,936	-	-	-	48,498
Cash and cash equivalents	1,370,476	5	33	-	-	-	1	-	65,550	-	1,436,065
<b>Total assets</b>	<b>2,292,040</b>	<b>5</b>	<b>2,940,356</b>	<b>790,843</b>	<b>4,439,764</b>	<b>548,760</b>	<b>3,980,603</b>	<b>640,825</b>	<b>5,704,878</b>	<b>158,323</b>	<b>21,496,397</b>
<b>Liabilities</b>											
Payables	145,661	-	-	-	-	-	-	-	-	-	145,661
<b>Total liabilities</b>	<b>145,661</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>145,661</b>
<b>Net currency exposure</b>	<b>2,146,379</b>	<b>5</b>	<b>2,940,356</b>	<b>790,843</b>	<b>4,439,764</b>	<b>548,760</b>	<b>3,980,603</b>	<b>640,825</b>	<b>5,704,878</b>	<b>158,323</b>	

## NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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 real estate 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	583,710	145,661
Purchases awaiting settlement	77,182	-
<b>Contractual cash outflows</b>	<b>660,892</b>	<b>145,661</b>

## NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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.

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 EMERGING ENTERPRISE DISCOVERY FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

##### (g) Fair value estimation

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

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

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

<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	<b>26,589,236</b>	-	-	<b>26,589,236</b>
<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	19,558,531	-	-	19,558,531
- Quoted real estate investment trusts	453,303	-	-	453,303
	<b>20,011,834</b>	-	-	<b>20,011,834</b>

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

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



## NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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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#### 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	<u>1,949,242</u>	<u>1,436,065</u>

#### 9. Financial ratios

##### Expense ratio

		2023	2022
<b><u>SGD Class</u></b>			
Total operating expenses	S\$	487,008	488,815
Average daily net asset value	S\$	24,903,232	25,956,645
<b>Total expense ratio<sup>1</sup></b>	%	<u>1.96</u>	<u>1.88</u>

##### Turnover ratio

		2023	2022
Lower of total value of purchases or sales	S\$	17,896,164	13,557,355
Average daily net asset value	S\$	24,903,232	25,956,645
<b>Total turnover ratio<sup>2</sup></b>	%	<u>71.86</u>	<u>52.23</u>

<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 EMERGING ENTERPRISE DISCOVERY 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 14 to 18.

#### 2. Credit rating of debt securities

Nil.

#### 3. Top 10 holdings

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

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Gold Circuit Electronics Limited	559,380	2.00
DR Wu Skincare Company Limited	522,648	1.87
Sporton International Incorporated	515,610	1.84
HPSP Company Limited	513,260	1.83
Phoenix Mills Limited	499,041	1.78
Clio Cosmetics Company Limited	479,945	1.72
Chief Telecom Incorporated	475,051	1.70
Universal Vision Biotechnology Company Limited	469,847	1.68
CreditAccess Grameen Limited	467,601	1.67
Jeisys Medical Incorporated	464,223	1.66

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

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Phoenix Mills Limited	559,977	2.62
Sinbon Electronics Company Limited	540,008	2.53
Indian Hotels Company Limited	505,152	2.37
Sunjuice Holdings Company Limited	503,516	2.36
Universal Vision Biotechnology Company Limited	448,082	2.10
Clio Cosmetics Company Limited	441,475	2.07
Bata India Limited	397,307	1.86
Jeisys Medical Incorporated	393,915	1.84
Sporton International Incorporated	388,990	1.82
Gold Circuit Electronics Limited	373,845	1.75

#### 4. Exposure to financial derivatives

Nil.

## NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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**

Nil.

**9. Borrowings**

Nil.

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

**S\$**

Units created

8,290,323

Units cancelled

(5,556,496)

**11. Turnover ratio**

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

**12. Expense ratio**

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

**13. Related party transactions**

Please refer to Note 8 of the Notes to the Financial Statements on page 31.

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

Nil.

**15. Soft dollar commissions/arrangements**

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

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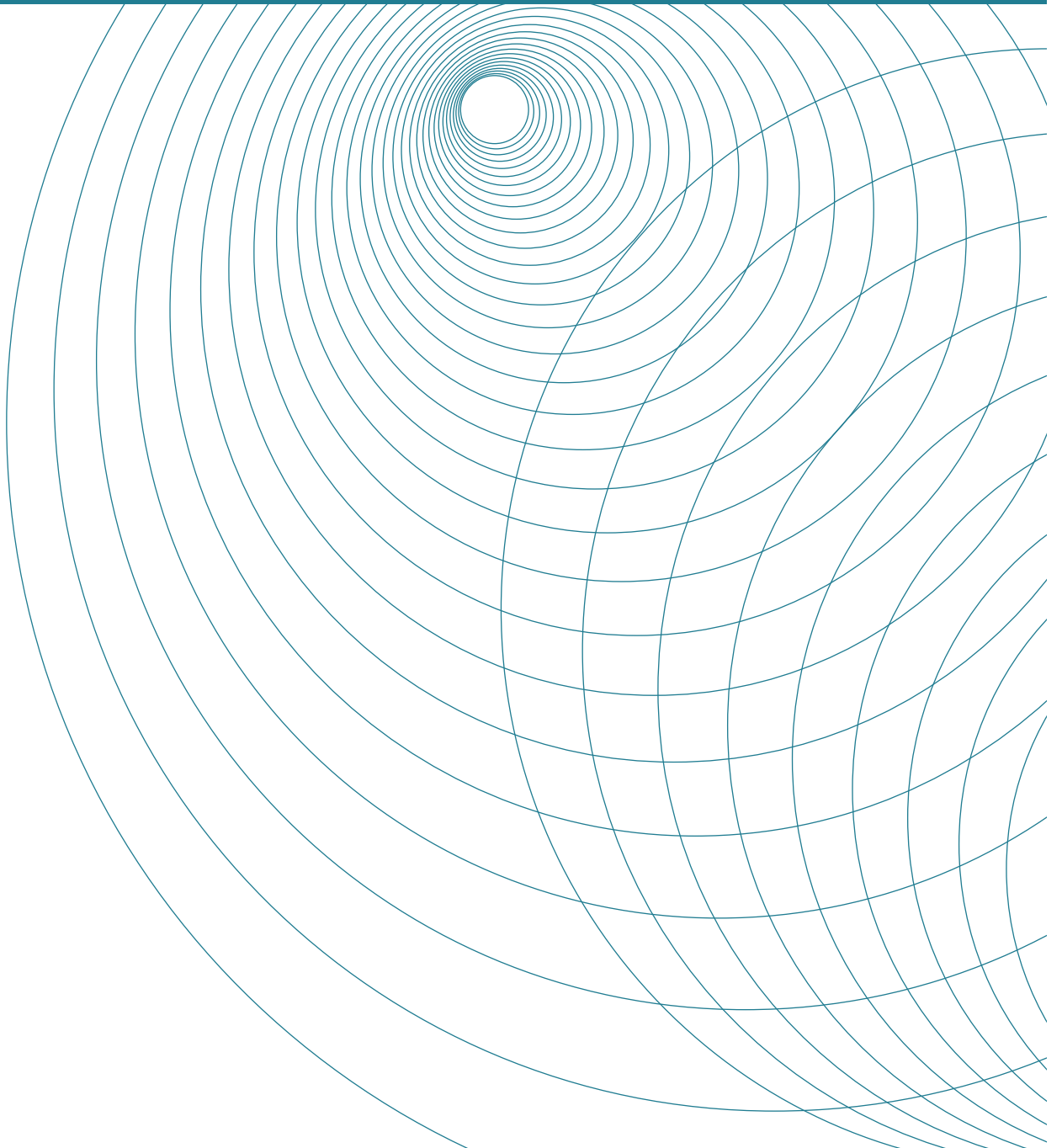




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**SEMI-ANNUAL REPORT**  
**Nikko AM Shenton Emerging Enterprise Discovery Fund**  
Financial period ending 30 June 2023

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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**

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

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**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 Emerging Enterprise Discovery Fund - SGD Class <sup>1</sup>	4.58	11.43	5.69	15.28	9.21	7.18	5.89
Benchmark <sup>2</sup>	6.02	9.93	6.25	11.12	4.23	4.49	4.24

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 Emerging Enterprise Discovery Fund - SGD Class <sup>1</sup>	-0.65	5.86	0.40	13.33	8.10	6.63	5.67
Benchmark <sup>2</sup>	6.02	9.93	6.25	11.12	4.23	4.49	4.24

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: 13 March 1998**

#### **Note:**

- (1) With effect from 17 October 2011, the Fund (formerly known as "Shenton Global Advantage Fund") was renamed as Nikko AM Shenton Global Advantage Fund. With effect from 1 October 2012, the investment focus and approach of the Fund was changed and the Fund was re-named Nikko AM Shenton Emerging Enterprise Discovery Fund.
- (2) Prior to 1 May 2017, the performance returns of the benchmark was calculated using price index methodology. With effect from 1 May 2017, it is calculated using net total return index methodology. With effect from 1 October 2012, the benchmark was changed from MSCI World Small Cap Index to MSCI AC Asia ex Japan Small Cap Index.

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## **Portfolio Review**

### ***Fund returned 11.43% in first half of 2023 (1H23)***

For the six-month period ended 30 June 2023, the Nikko AM Shenton Emerging Enterprise Discovery Fund (the "Fund") posted a return of 11.43% (SGD terms, on a NAV-NAV basis), outperforming the benchmark which returned 9.93% for the period. Some of the contributors included Hanmi Semiconductor, Gold Circuit Electronics, Universal Vision Biotechnology as well as Cera Sanitaryware. Detractors included Studio Dragon, Remegen and Polyplex Thailand.

Starting the review in Taiwan, Gold Circuit Electronics (GCE) has been one of the key contributors. The company manufactures multi-layer printed circuit boards (PCB). It benefits from the server migration trend; as Intel moves from the Purely to Whitley platform, PCB layers will increase from 8-14 to 12-16 on the main PCB board. As it moves from Whitley to Eagle stream, the number of layers increase further to 14-20. In addition, the company benefits from strong server demand, as artificial intelligent (AI) server boards have higher layers 20-30, upgraded CCL material as well as more complicated designs. GCE trades at price-to-earnings ratio (PER) of 15.9 times for financial year (FY) 2024 with 60% growth in net profit expected.

Moving across to South Korea, Hanmi Semiconductor has been a key contributor with the stock rallying 160% in 1H23. It is a semiconductor equipment maker which specialises in memory back-end process with three major products; Micro Saw, Bonder, EMI Shield. The company supplies to over 320 global customers through local agents and subsidiaries in Taiwan, Vietnam, China. Hanmi Semiconductor is expected to be a beneficiary of the rising growth from AI server as its Thermo Compression (TC) bonder machines will be used in the fabrication of high-bandwidth memory (HBM). AI servers have GPUs which contains HBM, and the CPU uses 128 GB DDR5. Thus, more AI investment will benefit memory semiconductors as well as GPUs. To fulfill the growing demand, major DRAM manufacturers are planning to ramp up HBM production and are likely revising up their HBM demand forecasts and capex plans, which in turn benefit Hanmi Semiconductor. Hanmi Semiconductor trades at PER of 39 times FY24.

In India, Cera Sanitaryware has been a steady contributor. The company is one of the leading building material companies in India having pan-India presence. It enjoys over 12% market share in sanitaryware business with strong positioning in faucetware and tiles business. The company has been showing strong top-line growth driven by robust consumer spending on home improvement as well as new housing demand. The company has a net cash balance sheet and is expected to continue to grow in line with the property market. Cera Sanitaryware trades at a PER of 33 times FY25 (March).

While the Fund has been done well in many instances, there were hard decisions that we had to undertake. In South Korea, we cut our exposure to Studio Dragon, the leading drama production company in South Korea. While the company had many positive catalysts as well as good content, cost control has been a drag on earnings. Due to the weak macro environment, TV channels are reducing drama slots and opting to produce cheaper variety shows instead. The company has been facing margin pressure, and we took the view that it would take time to recover and exit from the position. In Hong Kong, JS Global Lifestyle was a position that we exited from as well. The company is a small home appliance manufacturer, producing pressure cookers, air fryers and robotic vacuums. We were optimistic by the new product pipeline and expected margin recovery as potential headwinds during the pandemic like high shipping costs and raw material prices were expected to ease and become tailwinds. However, the company decided to spin out its Shark Ninja brand to relist it in the US. We viewed this negatively as the Hong Kong listing would now be a holding company with no core business, and we exited the position.

This is not an exhaustive review of the activities the Fund undertook during 1H23 but an overview of some of the ideas that materialised from our meetings with company management, regular research and our endeavour to identify suitable investments for the Fund.

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## **Market Review**

After falling sharply in 2022, Asian stocks rebounded in 1H23, with the MSCI Asia ex-Japan Small Cap Index (Net Total Return) returning 8.9% 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.

## **Market Outlook and Strategy**

Small-cap companies in Asia continue to look attractive, with the MSCI Asia ex Japan Small Cap Index trading at a 12.2 times forward price-to-earnings (P/E) multiple below to mid-cycle valuations of 15.4 times P/E. Earnings growth is estimated to continue in the second half of 2023, fuelled by ongoing economic recovery. Areas that we like include the technology sector which benefits from the growth in AI server as well as green energy.

In particular, we continue to focus on companies which display positive fundamental change that are undervalued. We continue to be focused on the core fundamentals of companies, constructing the portfolio from a bottom-up perspective, while staying cognisant of macroeconomic risks.

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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 EMERGING ENTERPRISE DISCOVERY 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>220,005</b>	358,554
Interest on cash and cash equivalents	<b>14,485</b>	428
Other Income	<b>13,231</b>	-
	<b>247,721</b>	358,982
<b>Less: Expenses</b>		
Management fee	<b>170,963</b>	222,408
Transfer agent fee	<b>7,243</b>	7,867
Trustee fee	<b>11,398</b>	14,827
Custody fee	<b>5,129</b>	5,297
Audit fee	<b>5,755</b>	5,462
Valuation fee	<b>5,137</b>	6,672
Transaction costs	<b>65,639</b>	119,443
Other expenses	<b>22,485</b>	9,131
	<b>293,749</b>	391,107
<b>Net losses</b>	<b>(46,028)</b>	(32,125)
<b>Net gains or losses on value of investments</b>		
Net gains/(losses) on investments	<b>2,602,307</b>	(6,549,580)
Net foreign exchange losses	<b>(26,773)</b>	(51,789)
	<b>2,575,534</b>	(6,601,369)
<b>Total return/(deficit) for the financial period before income tax</b>	<b>2,529,506</b>	(6,633,494)
<b>Less: Income tax</b>	<b>(38,942)</b>	(45,981)
<b>Total return/(deficit) for the financial period after income tax</b>	<b>2,490,564</b>	(6,679,475)



## NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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	23,258,883	20,011,834
Sales awaiting settlement	150,705	-
Receivables	223,911	48,498
Cash and cash equivalents	1,575,075	1,436,065
<b>Total assets</b>	<b>25,208,574</b>	<b>21,496,397</b>
<b>LIABILITIES</b>		
Payables	162,258	145,661
Purchases awaiting settlement	124,405	-
<b>Total liabilities</b>	<b>286,663</b>	<b>145,661</b>
<b>EQUITY</b>		
Net assets attributable to unitholders	<b>24,921,911</b>	<b>21,350,736</b>

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**NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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>21,350,736</b>	40,854,828
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	<b>2,490,564</b>	(7,797,235)
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	<b>2,323,713</b>	4,021,261
Cancellation of units	<b>(1,243,102)</b>	(15,728,118)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	<b>1,080,611</b>	(11,706,857)
Total increase/(decrease) in net assets attributable to unitholders	<b>3,571,175</b>	(19,504,092)
<b>Net assets attributable to unitholders at the end of the financial period/year</b>	<b>24,921,911</b>	21,350,736

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# NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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>CHINA</b>			
China Meidong Auto Holdings Limited	50,000	78,145	0.32
CIMC Vehicles Group Company Limited	145,000	170,278	0.68
ClouDr Group Limited	80,300	108,028	0.43
Giant Biogene Holding Company Limited	14,000	84,138	0.34
Jinxin Fertility Group Limited	121,000	86,510	0.35
JNBY Design Limited	131,000	192,071	0.77
RemeGen Company Limited	25,000	147,871	0.59
Sunjuice Holdings Company Limited	38,500	516,948	2.07
Trip.com Group Limited	2,550	120,046	0.48
<b>Total CHINA</b>		<b>1,504,035</b>	<b>6.03</b>
<b>HONG KONG SAR</b>			
China Education Group Holdings Limited	87,000	91,650	0.36
China State Construction Development Holdings Limited	286,000	133,850	0.54
China Water Affairs Group Limited	226,000	231,054	0.93
IMAX China Holding Incorporated	138,900	167,673	0.67
Stella International Holdings Limited	122,000	155,910	0.63
<b>Total HONG KONG SAR</b>		<b>780,137</b>	<b>3.13</b>
<b>INDIA</b>			
ABB India Limited	6,221	453,125	1.82
Aegis Logistics Limited	17,327	92,327	0.37
Ashok Leyland Limited	93,543	258,173	1.04
Bata India Limited	8,678	239,758	0.96
Cera Sanitaryware Limited	3,363	426,690	1.71
CreditAccess Grameen Limited	16,352	337,467	1.35
Crompton Greaves Consumer Electricals Limited	26,573	126,931	0.51
Dabur India Limited	39,350	371,933	1.49
Dixon Technologies India Limited	1,711	123,920	0.50
Federal Bank Limited	160,015	333,005	1.34
Godrej Consumer Products Limited	14,812	264,194	1.06
Indian Hotels Company Limited	73,540	476,296	1.91
Krishna Institute of Medical Sciences Limited	4,286	126,281	0.51
MTAR Technologies Limited	10,230	324,110	1.30
Oberoi Realty Limited	12,760	207,301	0.83
PB Fintech Limited	28,311	324,853	1.30
Phoenix Mills Limited	15,863	407,714	1.64
Rainbow Children's Medicare Limited	7,801	124,188	0.50
RITES Limited	46,353	285,226	1.14
UNO Minda Limited	30,332	291,124	1.17
Vijaya Diagnostic Centre Private Limited	22,424	174,864	0.70
<b>Total INDIA</b>		<b>5,769,480</b>	<b>23.15</b>
<b>INDONESIA</b>			
Arwana Citramulia TBK PT	3,290,200	262,845	1.05
MAP Aktif Adiperkasa PT	518,100	318,022	1.28
Merdeka Battery Materials TBK PT	3,320,400	242,778	0.97
<b>Total INDONESIA</b>		<b>823,645</b>	<b>3.30</b>

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

	Holdings at 30 June 2023	Fair value at 30 June 2023 S\$	Percentage of total net assets attributable to unitholders at 30 June 2023 %
<b>Quoted Equities (continued)</b>			
<b>MALAYSIA</b>			
Genetec Technology Berhad	184,900	124,381	0.50
<b>Total MALAYSIA</b>		<u>124,381</u>	<u>0.50</u>
<b>PHILIPPINES</b>			
Bloomberry Resorts Corporation	939,700	255,732	1.02
Wilcon Depot Incorporated	512,500	303,448	1.22
<b>Total PHILIPPINES</b>		<u>559,180</u>	<u>2.24</u>
<b>SINGAPORE</b>			
BRC Asia Limited	119,600	197,340	0.79
First Resources Limited	178,800	248,532	1.00
Seatrium Limited	1,282,400	160,300	0.64
<b>Total SINGAPORE</b>		<u>606,172</u>	<u>2.43</u>
<b>SOUTH KOREA</b>			
Clio Cosmetics Company Limited	25,270	526,878	2.12
Cosmax Incorporated	2,640	252,171	1.01
CS Wind Corporation	4,066	360,402	1.45
Dreamtech Company Limited	35,057	326,941	1.31
Handsome Company Limited	8,666	206,943	0.83
Hanmi Semiconductor Company Limited	16,630	514,977	2.07
Hansol Chemical Company Limited	1,185	292,104	1.17
HPSP Company Limited	11,056	323,632	1.30
HYBE Company Limited	561	162,200	0.65
Hyundai Ezwel Company Limited	31,202	242,918	0.97
Jeisys Medical Incorporated	46,463	493,920	1.98
KCC Corporation	1,053	212,412	0.85
Modetour Network Incorporated	11,073	192,772	0.77
P&K Skin Research Center Company Limited	66,847	212,153	0.85
ST Pharm Company Limited	2,742	216,572	0.87
Sunjin Beauty Science Company Limited	11,835	126,418	0.51
T&L Company Limited	8,947	499,902	2.01
<b>Total SOUTH KOREA</b>		<u>5,163,315</u>	<u>20.72</u>

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

	Holdings at 30 June 2023	Fair value at 30 June 2023 S\$	Percentage of total net assets attributable to unitholders at 30 June 2023 %
<b>Quoted Equities (continued)</b>			
<b>TAIWAN</b>			
Accton Technology Corporation	24,000	363,969	1.47
Andes Technology Corporation	11,000	227,285	0.92
Bafang Yunji International Company Limited	19,000	147,373	0.60
Chailease Holding Company Limited	29,601	262,400	1.06
Chief Telecom Incorporated	26,000	419,155	1.68
CTCI Corporation	191,000	349,416	1.40
Dr. Wu Skincare Company Limited	65,000	357,299	1.43
eMemory Technology Incorporated	2,000	192,066	0.77
Global PMX Company Limited	49,000	336,419	1.35
Gold Circuit Electronics Limited	98,700	626,177	2.51
Great Tree Pharmacy Company Limited	11,000	180,681	0.72
Kaori Heat Treatment Company Limited	23,000	338,309	1.36
Lite-On Technology Corporation	71,000	319,320	1.28
Powertech Technology Incorporated	58,000	264,633	1.06
Sinbon Electronics Company Limited	34,000	545,910	2.19
Sporton International Incorporated	44,550	491,710	1.97
Taiwan Taxi Company Limited	64,000	318,429	1.28
Tong Hsing Electronic Industries Limited	22,631	179,963	0.72
Universal Vision Biotechnology Company Limited	34,400	633,799	2.54
Visual Photonics Epitaxy Company Limited	60,000	303,742	1.22
<b>Total TAIWAN</b>		<b>6,858,055</b>	<b>27.53</b>
<b>THAILAND</b>			
Sabina Public Company Limited	173,700	175,702	0.70
Star Petroleum Refining Public Company Limited	369,200	113,446	0.46
<b>Total THAILAND</b>		<b>289,148</b>	<b>1.16</b>
<b>UNITED STATES OF AMERICA</b>			
Parade Technologies Limited	5,000	233,564	0.94
Samsonite International SA	82,200	313,723	1.26
<b>Total UNITED STATES OF AMERICA</b>		<b>547,287</b>	<b>2.20</b>
<b>Total Quoted Equities</b>		<b>23,024,835</b>	<b>92.39</b>
<b>Quoted Real Estate Investment Trusts</b>			
<b>PHILIPPINES</b>			
Citicore Energy REIT Corporation	3,729,000	234,048	0.94
<b>Total PHILIPPINES</b>		<b>234,048</b>	<b>0.94</b>
<b>Total Quoted Real Estate Investment Trusts</b>		<b>234,048</b>	<b>0.94</b>
<b>Portfolio of investments</b>		<b>23,258,883</b>	<b>93.33</b>
<b>Other net assets</b>		<b>1,663,028</b>	<b>6.67</b>
<b>Net assets attributable to unitholders</b>		<b>24,921,911</b>	<b>100.00</b>

## NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY FUND

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

### STATEMENT OF PORTFOLIO

As at 30 June 2023 (unaudited)

By Geography (Summary)	Percentage of total net assets attributable to unitholders at 30 June 2023 %	Percentage of total net assets attributable to unitholders at 31 December 2022 %
<b>Quoted Equities</b>		
China	6.03	10.83
Hong Kong SAR	3.13	4.45
India	23.15	20.79
Indonesia	3.30	2.57
Malaysia	0.50	-
Philippines	2.24	2.72
Singapore	2.43	3.03
South Korea	20.72	18.56
Taiwan	27.53	23.26
Thailand	1.16	3.01
United States of America	2.20	2.39
<b>Total Quoted Equities</b>	<b>92.39</b>	<b>91.61</b>
<b>Quoted Real Estate Investment Trusts</b>		
Philippines	0.94	0.96
Singapore	-	1.16
<b>Total Quoted Real Estate Investment Trusts</b>	<b>0.94</b>	<b>2.12</b>
<b>Portfolio of investments</b>	<b>93.33</b>	<b>93.73</b>
<b>Other net assets</b>	<b>6.67</b>	<b>6.27</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

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

<b>By Industry (Secondary)</b>	<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>
Agriculture	248,532	1.00	1.24
Apparel	1,284,107	5.15	5.91
Auto Manufacturers	428,451	1.72	1.02
Auto Parts & Equipment	627,543	2.52	2.69
Banks	333,005	1.34	1.69
Beverages	516,948	2.07	2.36
Biotechnology	147,871	0.59	1.33
Building Materials	823,385	3.30	3.47
Chemicals	504,516	2.02	2.90
Commercial Services	868,586	3.49	3.68
Computers	870,477	3.49	3.02
Cosmetics/Personal Care	2,195,184	8.81	6.08
Diversified Financial Services	599,867	2.41	2.09
Electrical Component & Equipment	453,125	1.82	-
Electronics	1,296,007	5.20	6.18
Energy-Alternate Sources	360,402	1.45	2.38
Engineering and Construction	349,416	1.40	1.63
Entertainment	585,605	2.35	2.32
Environmental Control	231,054	0.93	1.07
Food	-	-	0.48
Food Service	147,373	0.59	-
Hand/Machine Tools	338,309	1.36	-
Healthcare-Products	1,627,621	6.53	5.60
Healthcare-Services	619,871	2.49	0.99
Home Furnishings	446,251	1.79	2.35
Internet	120,046	0.48	1.60
Iron/Steel	197,340	0.79	1.01
Leisure Time	192,772	0.77	0.37
Lodging	476,296	1.91	2.37
Machinery-Diversified	324,110	1.30	0.92
Mining	242,778	0.97	1.25
Oil and Gas	113,446	0.46	0.72
Oil and Gas Services	160,300	0.64	-
Packaging & Containers	-	-	1.23
Pharmaceuticals	216,572	0.87	0.90
Real Estate	615,015	2.47	4.42
Real Estate Investment Trusts (REITS)	234,048	0.94	2.12
Retail	880,296	3.53	4.70
Semiconductors	2,239,862	8.99	6.50
Shipbuilding	-	-	0.91
Software	567,771	2.28	1.49
Storage/Warehousing	92,327	0.37	-
Telecommunications	363,969	1.46	1.29
Transportation	318,429	1.28	1.45
<b>Portfolio of investments</b>	<b>23,258,883</b>	<b>93.33</b>	<b>93.73</b>
<b>Other net assets</b>	<b>1,663,028</b>	<b>6.67</b>	<b>6.27</b>
<b>Net assets attributable to unitholders</b>	<b>24,921,911</b>	<b>100.00</b>	<b>100.00</b>

## NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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 9 to 13.

#### 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 %
Universal Vision Biotechnology Company Limited	633,799	2.54
Gold Circuit Electronics Limited	626,177	2.51
Sinbon Electronics Company Limited	545,910	2.19
Clio Cosmetics Company Limited	526,878	2.12
Sunjuice Holdings Company Limited	516,948	2.07
Hanmi Semiconductor Company Limited	514,977	2.07
T&L Company Limited	499,902	2.01
Jeisys Medical Incorporated	493,920	1.98
Sporton International Incorporated	491,710	1.97
Indian Hotels Company Limited	476,296	1.91

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

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Phoenix Mills Limited	643,538	2.70
Sinbon Electronics Company Limited	594,432	2.49
Indian Hotels Company Limited	568,495	2.39
Sunjuice Holdings Company Limited	557,877	2.34
CTCI Corporation	548,511	2.30
Bata India Limited	485,081	2.04
Federal Bank Limited	414,885	1.74
Crompton Greaves Consumer Electricals Limited	406,318	1.71
Tong Hsing Electronic Industries Limited	400,684	1.68
Xinte Energy Company Limited	394,282	1.65

#### 4. Exposure to financial derivatives

Nil.



## NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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 9 to 13.

#### 9. Borrowings

Nil.

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

S\$

Units created	2,323,713
Units cancelled	(1,243,102)

#### 11. Turnover ratio

		30 June 2023	30 June 2022
Lower of total value of purchases or sales	S\$	7,220,649	7,192,940
Average daily net asset value	S\$	22,991,968	29,860,968
<b>Total turnover ratio<sup>1</sup></b>	<b>%</b>	<b>31.41</b>	<b>24.09</b>

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

#### 12. Expense ratio

		30 June 2023	30 June 2022
<b><u>SGD Class</u></b>			
Total operating expenses	S\$	445,092	677,747
Average daily net asset value	S\$	22,590,561	35,884,169
<b>Total expense ratio<sup>2</sup></b>	<b>%</b>	<b>1.97</b>	<b>1.89</b>

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

## NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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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#### 13. Related party transactions

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

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

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

	<b>30 June 2023 S\$</b>	31 December 2022 S\$
Bank balances held with related party of the Trustee	<u><b>1,575,075</b></u>	<u>1,436,065</u>

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

Nil.

#### 15. Soft dollar commissions/arrangements

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





# ANNUAL REPORT

For the financial year ended 31 December 2022

**Nikko AM Shenton  
Emerging Enterprise  
Discovery 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  
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**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

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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 Emerging Enterprise Discovery Fund - SGD Class <sup>1</sup>	-1.03	-5.16	-24.42	15.15	9.04	5.84	5.55
Benchmark <sup>2</sup>	1.55	-3.35	-20.76	6.57	1.16	3.82	3.93

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 Emerging Enterprise Discovery Fund - SGD Class <sup>1</sup>	-5.98	-9.90	-28.20	13.20	7.92	5.30	5.33
Benchmark <sup>2</sup>	1.55	-3.35	-20.76	6.57	1.16	3.82	3.93

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: 13 March 1998**

#### **Note:**

- (1) With effect from 17 October 2011, the Fund (formerly known as “Shenton Global Advantage Fund”) was renamed as Nikko AM Shenton Global Advantage Fund. With effect from 1 October 2012, the investment focus and approach of the Fund was changed and the Fund was re-named Nikko AM Shenton Emerging Enterprise Discovery Fund.
- (2) Prior to 1 May 2017, the performance returns of the benchmark was calculated using price index methodology. With effect from 1 May 2017, it is calculated using net total return index methodology. With effect from 1 October 2012, the benchmark was changed from MSCI World Small Cap Index to MSCI AC Asia ex Japan Small Cap Index.

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## **Portfolio Review**

### ***The Fund returned -24.42% in 2022***

For the 12-month period ended 31 December 2022, the Nikko AM Shenton Emerging Enterprise Discovery Fund (the "Fund") posted a return of -24.42% (SGD terms, on a NAV-NAV basis), underperforming the benchmark which returned -20.76% for the period.

Key contributors to relative performance in 2022 included Indian hospitality company Indian Hotels, India's leading retail mall developer and operator Phoenix Mills and Indian private sector bank Federal Bank, while Taiwanese semiconductor company Parade Technologies and Chinese auto company China Meidong Auto were the main detractors.

Starting the review in Hong Kong, Samsonite International has been a key contributor to performance. It is a leading global luggage manufacturer. The company benefits from recovery in international travel and has gained market share during the pandemic through strong brand name and channel management. The company has also been innovative, launching new products, such as bags with antimicrobial coating, RFID tags and fingerprint sensors. The company has been active in terms of cost control, focusing on paying down debt and strengthening the balance sheet. On the environmental, social and corporate governance (ESG) front, they hired a head of ESG in 2018 and have set clear ESG goals for 2030. They also have an ecofriendly line that is incorporated with recycled materials.

In India, India Hotels has been a positive contributor as well. It is the number one leading hotel chain in India with 13% market share. Indian Hotels is very focused on cost reduction, which has been supportive of margins. The company has been quick to respond to challenges due to the pandemic, with staycation packages as well as food delivery applications. They will benefit as reopening continues to take place and the company continues to utilise the downtime to cut cost.

Moving across to Indonesia, PT Arwana Citramuila has been a contributor to performance as well. The company is a market leader in the ceramic tile industry with about 20% market share. Expansion into the high-end market has been driving margin growth and supporting growth. The company benefits from structural growth factors, such as economic reopening as well as the rising middle class. Arwana is also the first company in Indonesia to obtain ISO 14001 certification for its environmental management system.

While the Fund has done well in many instances, there were hard decisions that we had to undertake. In Taiwan, we cut our exposure in Brighten Optix, a manufacturer of Ortho-K (OK) lens, on the back of regulatory concerns that China could include OK lens in China's Centralized Procurement Program (CPP). While the company does not sell to end users as an OEM, it is subjected to risk and as a result, we decided to exit the position. In South Korea, H.PIO, which is a health food manufacturing company, continued to deliver weak. In Singapore, Digital Core REIT—a data centre-focused REIT—underperformed on the back of rising rates and an unexpected tenancy bankruptcy. We took the view that earnings would take some time to recover and decided to exit from the position. We will continue to monitor these companies and to look for signs of turnaround.

This is not an exhaustive review of the activities the Fund undertook during 2022 but an overview of some of the ideas that materialised from our meetings with company management, regular research and our endeavour to identify suitable investments for the Fund. While we have been unable to travel due to the pandemic, we have been in regular contact with companies, via video conferences and conference calls, to ensure that we stay abreast of the changes in the market.

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## **Market Review**

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.

## **Market Outlook and Strategy**

Small-cap companies in Asia continue to look attractive, with the MSCI Asia ex Japan Small Cap Index trading at a forward price-to-earnings (P/E) multiple of 14.9 times, below the mid-cycle valuations of 15.5 times P/E. Earnings growth is estimated to be on the recovery track in 2023, with China's re-opening supporting economic recovery. Our strongest conviction ideas by sector remain in the consumer sector, where we see quality growth in selected stocks.

In particular, we continue to focus on companies which display positive fundamental change that are undervalued. We continue to be focused on the core fundamentals of companies, constructing the portfolio from a bottom-up perspective, while staying cognizant of macroeconomic risks.

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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 EMERGING ENTERPRISE DISCOVERY 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 Emerging Enterprise Discovery 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 11 to 31, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

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

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Authorised signatory  
29 March 2023

## **NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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 11 to 31, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of Nikko AM Shenton Emerging Enterprise Discovery 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 EMERGING ENTERPRISE DISCOVERY 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 Emerging Enterprise Discovery 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 EMERGING ENTERPRISE  
DISCOVERY 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 EMERGING ENTERPRISE  
DISCOVERY 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 EMERGING ENTERPRISE DISCOVERY 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		690,967	661,060
Interest on cash and cash equivalents		11,326	-
		<b>702,293</b>	<b>661,060</b>
<b>Less: Expenses</b>			
Management fee		390,408	562,954
Registrar fee		15,336	16,041
Trustee fee		26,027	37,530
Custody fee		9,553	16,113
Audit fee		10,402	10,369
Valuation fee		11,839	16,978
Transaction costs		198,367	447,124
Other expenses		25,254	61,737
		<b>687,186</b>	<b>1,168,846</b>
<b>Net income/loss</b>		<b>15,107</b>	<b>(507,786)</b>
<b>Net gains or losses on value of investments</b>			
Net (losses)/gains on investments		(7,638,212)	4,433,793
Net foreign exchange losses		(85,435)	(112,088)
		<b>(7,723,647)</b>	<b>4,321,705</b>
<b>Total (deficit)/return for the financial year before income tax</b>		<b>(7,708,540)</b>	<b>3,813,919</b>
<b>Less: Income tax</b>	3	<b>(88,695)</b>	<b>(144,689)</b>
<b>Total (deficit)/return for the financial year after income tax</b>		<b>(7,797,235)</b>	<b>3,669,230</b>

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

## NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY FUND

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

### STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 S\$	2021 S\$
<b>ASSETS</b>			
Portfolio of investments		20,011,834	39,315,376
Receivables	4	48,498	297,599
Cash and cash equivalents		1,436,065	2,009,443
<b>Total assets</b>		<b>21,496,397</b>	<b>41,622,418</b>
<b>LIABILITIES</b>			
Payables	5	145,661	767,590
<b>Total liabilities</b>		<b>145,661</b>	<b>767,590</b>
<b>EQUITY</b>			
Net assets attributable to unitholders	6	21,350,736	40,854,828

The accompanying notes form an integral part of these financial statements

**NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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>40,854,828</b>	15,327,507
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		<b>(7,797,235)</b>	3,669,230
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		<b>4,021,261</b>	53,005,261
Cancellation of units		<b>(15,728,118)</b>	(31,147,170)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		<b>(11,706,857)</b>	21,858,091
Total (decrease)/increase in net assets attributable to unitholders		<b>(19,504,092)</b>	25,527,321
<b>Net assets attributable to unitholders at the end of the financial year</b>	6	<b>21,350,736</b>	40,854,828

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

# NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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>CHINA</b>			
Central China New Life Limited	394,000	205,823	0.96
China Lesso Group Holdings Limited	104,000	145,651	0.68
China Meidong Auto Holdings Limited	74,000	203,713	0.95
JNBY Design Limited	138,000	221,251	1.04
RemeGen Company Limited	28,500	283,561	1.33
Shandong Head Group Company Limited	36,429	158,323	0.74
Sunjuice Holdings Company Limited	42,500	503,516	2.36
Trip.com Group Limited	7,250	340,861	1.60
Xinte Energy Company Limited	61,600	152,852	0.72
Xtep International Holdings Limited	64,000	95,570	0.45
<b>Total CHINA</b>		<b>2,311,121</b>	<b>10.83</b>
<b>HONG KONG SAR</b>			
China Education Group Holdings Limited	103,000	178,765	0.84
China Water Affairs Group Limited	206,000	228,324	1.07
JS Global Lifestyle Company Limited	154,000	232,083	1.09
SITC International Holdings Company Limited	49,000	146,174	0.68
Truly International Holdings Limited	785,000	164,571	0.77
<b>Total HONG KONG SAR</b>		<b>949,917</b>	<b>4.45</b>
<b>INDIA</b>			
Angel One Limited	3,622	77,010	0.36
Ashok Leyland Limited	93,543	217,770	1.02
Bata India Limited	14,847	397,307	1.86
Cera Sanitaryware Limited	3,741	313,856	1.47
CreditAccess Grameen Limited	6,038	89,224	0.42
Crompton Greaves Consumer Electricals Limited	49,479	269,922	1.26
Dabur India Limited	39,350	358,201	1.68
Federal Bank Limited	160,015	361,882	1.69
Godrej Consumer Products Limited	6,677	94,613	0.44
Indian Hotels Company Limited	97,955	505,152	2.37
INOX Leisure Limited	18,093	145,780	0.68
MTAR Technologies Limited	7,542	197,044	0.92
Oberoi Realty Limited	12,760	178,854	0.84
Phoenix Mills Limited	24,480	559,977	2.62
TCNS Clothing Company Limited	13,475	114,557	0.54
Tech Mahindra Limited	5,589	92,008	0.43
UNO Minda Limited	30,332	255,162	1.20
Vijaya Diagnostic Centre PVT Limited	29,904	211,445	0.99
<b>Total INDIA</b>		<b>4,439,764</b>	<b>20.79</b>
<b>INDONESIA</b>			
PT Arwana Citramulia TBK	3,290,200	282,047	1.32
PT Merdeka Copper Gold TBK	751,400	266,713	1.25
<b>Total INDONESIA</b>		<b>548,760</b>	<b>2.57</b>

The accompanying notes form an integral part of these financial statements

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

	Holdings at 31 December 2022	Fair value at 31 December 2022 S\$	Percentage of total net assets attributable to unitholders at 31 December 2022 %
<b>Quoted Equities (continued)</b>			
<b>PHILIPPINES</b>			
International Container Terminal Services Incorporated	45,270	217,904	1.02
Wilcon Depot Incorporated	512,500	363,866	1.70
<b>Total PHILIPPINES</b>		<b>581,770</b>	<b>2.72</b>
<b>SINGAPORE</b>			
BRC Asia Limited	119,600	216,476	1.01
First Resources Limited	178,800	264,624	1.24
UMS Holdings Limited	140,400	165,672	0.78
<b>Total SINGAPORE</b>		<b>646,772</b>	<b>3.03</b>
<b>SOUTH KOREA</b>			
Clio Cosmetics Company Limited	25,693	441,475	2.07
CS Wind Corporation	4,861	354,724	1.66
Dreamtech Company Limited	35,057	338,370	1.58
Handsome Company Limited	10,477	300,594	1.41
Hanmi Semiconductor Company Limited	16,044	195,698	0.92
Hansol Chemical Company Limited	1,185	233,152	1.09
Hyundai Ezwel Company Limited	31,202	226,037	1.06
Hyundai Mipo Dockyard Company Limited	2,157	193,323	0.91
Jeisys Medical Incorporated	43,590	393,915	1.84
KCC Corporation	1,053	228,401	1.07
P&K Skin Research Center Company Limited	49,798	160,305	0.75
ST Pharm Company Limited	2,065	191,867	0.90
Studio Dragon Corporation	3,839	350,181	1.64
T&L Company Limited	9,236	354,624	1.66
<b>Total SOUTH KOREA</b>		<b>3,962,666</b>	<b>18.56</b>
<b>TAIWAN</b>			
Accton Technology Corporation	27,000	276,288	1.29
Alexander Marine Company Limited	6,000	76,321	0.37
Andes Technology Corporation	7,000	151,966	0.71
Chalease Holding Company Limited	29,601	280,299	1.31
Chief Telecom Incorporated	25,000	306,550	1.44
CTCI Corporation	191,000	348,806	1.63
DR Wu Skincare Company Limited	54,000	243,887	1.14
eMemory Technology Incorporated	2,000	116,511	0.55
General Interface Solution Holding Limited	63,000	241,923	1.13
Global PMX Company Limited	49,000	318,594	1.49
Gold Circuit Electronics Limited	98,700	373,845	1.75
Kura Sushi Asia Company Limited	17,000	103,485	0.48
Powertech Technology Incorporated	58,000	200,451	0.94
Sinbon Electronics Company Limited	45,000	540,008	2.53
Sporton International Incorporated	42,550	388,990	1.82
Taiwan Taxi Company Limited	42,000	163,848	0.77
Tong Hsing Electronic Industries Limited	35,631	296,972	1.39
Universal Vision Biotechnology Company Limited	34,400	448,082	2.10
Visual Photonics Epitaxy Company Limited	30,000	90,329	0.42
<b>Total TAIWAN</b>		<b>4,967,155</b>	<b>23.26</b>

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

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

	Holdings at 31 December 2022	Fair value at 31 December 2022 S\$	Percentage of total net assets attributable to unitholders at 31 December 2022 %
<b>Quoted Equities (continued)</b>			
<b>THAILAND</b>			
Com7 Public Company Limited	171,800	226,194	1.06
Polyplex Thailand Public Company Limited	267,600	261,654	1.23
Star Petroleum Refining Public Company Limited	369,200	152,977	0.72
<b>Total THAILAND</b>		<b>640,825</b>	<b>3.01</b>
<b>UNITED STATES OF AMERICA</b>			
Parade Technologies Limited	5,000	168,657	0.79
Samsonite International SA	96,600	341,124	1.60
<b>Total UNITED STATES OF AMERICA</b>		<b>509,781</b>	<b>2.39</b>
<b>Total Quoted Equities</b>		<b>19,558,531</b>	<b>91.61</b>
<b>Quoted Real Estate Investment Trusts</b>			
<b>PHILIPPINES</b>			
Citicore Energy REIT Corporation	3,729,000	205,519	0.96
<b>Total PHILIPPINES</b>		<b>205,519</b>	<b>0.96</b>
<b>SINGAPORE</b>			
Parkway Life Real Estate Investment Trust	65,900	247,784	1.16
<b>Total SINGAPORE</b>		<b>247,784</b>	<b>1.16</b>
<b>Total Quoted Real Estate Investment Trusts</b>		<b>453,303</b>	<b>2.12</b>
<b>Portfolio of investments</b>		<b>20,011,834</b>	<b>93.73</b>
<b>Other net assets</b>		<b>1,338,902</b>	<b>6.27</b>
<b>Net assets attributable to unitholders</b>		<b>21,350,736</b>	<b>100.00</b>

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

## NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY FUND

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

### STATEMENT OF PORTFOLIO

As at 31 December 2022

#### By Geography (Summary)

	Percentage of total net assets attributable to unitholders at 31 December 2022 %	Percentage of total net assets attributable to unitholders at 31 December 2021 %
<b>Quoted Equities</b>		
China	10.83	8.79
Hong Kong SAR	4.45	5.15
India	20.79	15.87
Indonesia	2.57	2.84
Malaysia	-	2.47
Philippines	2.72	2.83
Singapore	3.03	2.95
South Korea	18.56	25.47
Taiwan	23.26	22.05
Thailand	3.01	1.02
United States of America	2.39	3.88
<b>Total Quoted Equities</b>	<b>91.61</b>	<b>93.32</b>
<b>Quoted Real Estate Investment Trusts</b>		
Philippines	0.96	-
Singapore	1.16	2.91
<b>Total Quoted Real Estate Investment Trusts</b>	<b>2.12</b>	<b>2.91</b>
<b>Portfolio of investments</b>	<b>93.73</b>	<b>96.23</b>
<b>Other net assets</b>	<b>6.27</b>	<b>3.77</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

The accompanying notes form an integral part of these financial statements

**NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2022*

<b>By Industry (Secondary)</b>	<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>
Advertising	-	-	0.96
Agriculture	264,624	1.24	1.03
Apparel	1,260,276	5.91	4.10
Auto Manufacturers	217,770	1.02	-
Auto Parts & Equipment	573,756	2.69	3.39
Banks	361,882	1.69	1.14
Beverages	503,516	2.36	2.03
Biotechnology	283,561	1.33	0.42
Building Materials	741,554	3.47	3.48
Chemicals	619,876	2.90	6.01
Commercial Services	785,659	3.68	3.38
Computers	644,920	3.02	2.43
Cosmetics/Personal Care	1,298,481	6.08	3.53
Diversified Financial Services	446,533	2.09	3.75
Electrical Component & Equipment	-	-	1.31
Electronics	1,320,347	6.18	5.00
Energy-Alternate Sources	507,576	2.38	0.64
Engineering and Construction	348,806	1.63	2.13
Entertainment	495,961	2.32	3.09
Environmental Control	228,324	1.07	-
Food	103,485	0.48	-
Healthcare-Products	1,196,621	5.60	6.09
Healthcare-Services	211,445	0.99	1.04
Home Furnishings	502,005	2.35	2.75
Internet	340,861	1.60	-
Investment Companies	-	-	0.52
Iron/Steel	216,476	1.01	-
Leisure Time	76,321	0.37	2.42
Lodging	505,152	2.37	1.51
Machinery-Diversified	197,044	0.92	-
Media	-	-	1.25
Mining	266,713	1.25	3.05
Miscellaneous Manufacture	-	-	0.66
Oil and Gas	152,977	0.72	-
Packaging & Containers	261,654	1.23	1.02
Pharmaceuticals	191,867	0.90	0.97
Real Estate	944,654	4.42	3.09

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



**NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2022***By Industry (Secondary) (continued)**

	<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>
Real Estate Investment Trusts (REITS)	453,303	2.12	2.91
Retail	1,003,900	4.70	6.52
Semiconductors	1,386,256	6.50	9.17
Shipbuilding	193,323	0.91	-
Software	318,045	1.49	2.97
Telecommunications	276,288	1.29	1.59
Transportation	310,022	1.45	0.88
<b>Portfolio of investments</b>	<b>20,011,834</b>	<b>93.73</b>	<b>96.23</b>
<b>Other net assets</b>	<b>1,338,902</b>	<b>6.27</b>	<b>3.77</b>
<b>Net assets attributable to unitholders</b>	<b>21,350,736</b>	<b>100.00</b>	<b>100.00</b>

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

# NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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 Emerging Enterprise Discovery Fund (the "Fund") is a Singapore domiciled fund, constituted by a Trust Deed dated 20 October 1997 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 may 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 EMERGING ENTERPRISE DISCOVERY 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 investments held by the Fund is the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value.

##### (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.

## NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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

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

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

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

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

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

#### 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.

## NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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 (continued)

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

	2022 S\$	2021 S\$
Singapore income tax	785	1,468
Overseas income tax	87,910	143,221
	<u>88,695</u>	<u>144,689</u>

The Singapore income tax represents tax deducted at source for Singapore sourced dividends. The overseas income tax represents tax deducted at source on dividends derived from outside Singapore.

#### 4. Receivables

	2022 S\$	2021 S\$
Receivable from unitholders for creation of units	27,008	198,559
Dividends receivable	21,490	99,040
	<u>48,498</u>	<u>297,599</u>

#### 5. Payables

	2022 S\$	2021 S\$
Payable to unitholders for cancellation of units	37,564	556,592
Amount due to the Manager	85,646	177,487
Amount due to the Trustee	5,710	11,832
Valuation fee payable	2,712	5,325
Registrar fee payable	1,214	1,214
Provision for audit fee	10,486	10,486
Custody fee payable	2,329	4,654
	<u>145,661</u>	<u>767,590</u>

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

## NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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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#### 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>	<b>2022</b>	2021
Units at beginning of the financial year	<b>8,657,114</b>	3,781,244
Units created	<b>1,003,935</b>	11,586,726
Units cancelled	<b>(3,673,780)</b>	(6,710,856)
Units at end of the financial year	<b>5,987,269</b>	8,657,114
Net assets attributable to unitholders - S\$	<b>21,350,736</b>	40,854,828
Net asset value per unit - S\$	<b>3.566</b>	4.719

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

<b><u>SGD Class</u></b>	<b>2022</b>	2021
	<b>S\$</b>	S\$
Net assets attributable to unitholders per financial statements per unit	<b>3.566</b>	4.719
Effect of adopting bid prices at fair value per unit	<b>0.002</b>	0.002
Effect for movement in the net assets value between the last dealing date and the end of the reporting period <sup>^</sup>	<b>-*</b>	-
Net assets attributable to unitholders for issuing/redeeming per unit	<b>3.568</b>	4.721

<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 EMERGING ENTERPRISE DISCOVERY 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 objective is to achieve medium to long term capital appreciation by investing primarily in listed equities of small to medium sized companies in Asia ex Japan, which in the Managers' opinion are undervalued.

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

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

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

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

The Fund's market price risk is managed through diversification of the investment portfolio exposure across various geographies and industries in Asia ex Japan.

As the Fund invests primarily in listed equities of small to medium sized companies in Asia ex Japan, the Manager is of the view that the price risk the Fund is best reflected by movements in the MSCI Asia ex Japan Small Cap Index (Net Total Return) (the "Benchmark").

As at 31 December 2022, an increase/decrease of the index component within the Benchmark by 16% (2021: 17%), with all other variables remaining constant, the net assets attributable to unitholders for the year would increase/decrease by approximately 14% (2021: 13%). 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 EMERGING ENTERPRISE DISCOVERY 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)**

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

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

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

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

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

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

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



## NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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)

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

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

As at 31 December 2022	SGD S\$	USD S\$	HKD S\$	PHP S\$	INR S\$	IDR S\$	KRW S\$	THB S\$	TWD S\$	Others S\$	Total S\$
<b>Assets</b>											
Portfolio of investments	894,556	-	2,940,323	787,289	4,439,764	548,760	3,962,666	640,825	5,639,328	158,323	20,011,834
Receivables	27,008	-	-	3,554	-	-	17,936	-	-	-	48,498
Cash and cash equivalents	1,370,476	5	33	-	-	-	1	-	65,550	-	1,436,065
<b>Total assets</b>	<b>2,292,040</b>	<b>5</b>	<b>2,940,356</b>	<b>790,843</b>	<b>4,439,764</b>	<b>548,760</b>	<b>3,980,603</b>	<b>640,825</b>	<b>5,704,878</b>	<b>158,323</b>	<b>21,496,397</b>
<b>Liabilities</b>											
Payables	145,661	-	-	-	-	-	-	-	-	-	145,661
<b>Total liabilities</b>	<b>145,661</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>145,661</b>
<b>Net currency exposure</b>	<b>2,146,379</b>	<b>5</b>	<b>2,940,356</b>	<b>790,843</b>	<b>4,439,764</b>	<b>548,760</b>	<b>3,980,603</b>	<b>640,825</b>	<b>5,704,878</b>	<b>158,323</b>	
<b>As at 31 December 2021</b>											
	SGD S\$	USD S\$	HKD S\$	PHP S\$	INR S\$	IDR S\$	KRW S\$	THB S\$	TWD S\$	Others S\$	Total S\$
<b>Assets</b>											
Portfolio of investments	2,230,520	696,846	4,366,741	1,154,707	6,485,421	1,161,710	10,404,915	416,667	10,871,147	1,526,702	39,315,376
Receivables	198,558	-	10,237	-	-	-	54,306	-	1,472	33,026	297,599
Cash and cash equivalents	1,998,358	7,540	32	-	-	-	1	-	3,512	-	2,009,443
<b>Total assets</b>	<b>4,427,436</b>	<b>704,386</b>	<b>4,377,010</b>	<b>1,154,707</b>	<b>6,485,421</b>	<b>1,161,710</b>	<b>10,459,222</b>	<b>416,667</b>	<b>10,876,131</b>	<b>1,559,728</b>	<b>41,622,418</b>
<b>Liabilities</b>											
Payables	767,590	-	-	-	-	-	-	-	-	-	767,590
<b>Total liabilities</b>	<b>767,590</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>767,590</b>
<b>Net currency exposure</b>	<b>3,659,846</b>	<b>704,386</b>	<b>4,377,010</b>	<b>1,154,707</b>	<b>6,485,421</b>	<b>1,161,710</b>	<b>10,459,222</b>	<b>416,667</b>	<b>10,876,131</b>	<b>1,559,728</b>	

## NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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 real estate 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	145,661	767,590
<b>Contractual cash outflows</b>	<b>145,661</b>	<b>767,590</b>

## NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY 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.

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

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).

##### (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 EMERGING ENTERPRISE DISCOVERY 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)

##### (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	19,558,531	-	-	19,558,531
- Quoted real estate investment trusts	453,303	-	-	453,303
	<b>20,011,834</b>	<b>-</b>	<b>-</b>	<b>20,011,834</b>
<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	38,126,050	-	-	38,126,050
- Quoted real estate investment trusts	1,189,326	-	-	1,189,326
	<b>39,315,376</b>	<b>-</b>	<b>-</b>	<b>39,315,376</b>

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include active listed equities and real estate investment trusts. 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 EMERGING ENTERPRISE DISCOVERY 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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#### 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>1,436,065</u>	<u>2,009,443</u>

#### 9. Financial ratios

##### Expense ratio

		2022	2021
<b><u>SGD Class</u></b>			
Total operating expenses	S\$	488,815	721,722
Average daily net asset value	S\$	25,956,645	37,663,998
<b>Total expense ratio<sup>1</sup></b>	%	<u>1.88</u>	<u>1.92</u>

##### Turnover ratio

		2022	2021
Lower of total value of purchases or sales	S\$	13,557,355	45,449,103
Average daily net asset value	S\$	25,956,645	37,663,998
<b>Total turnover ratio<sup>2</sup></b>	%	<u>52.23</u>	<u>120.67</u>

<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 EMERGING ENTERPRISE DISCOVERY FUND

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

### 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 14 to 19.

#### 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 %
Phoenix Mills Limited	559,977	2.62
Sinbon Electronics Company Limited	540,008	2.53
Indian Hotels Company Limited	505,152	2.37
Sunjuice Holdings Company Limited	503,516	2.36
Universal Vision Biotechnology Company Limited	448,082	2.10
Clio Cosmetics Company Limited	441,475	2.07
Bata India Limited	397,307	1.86
Jeisys Medical Incorporated	393,915	1.84
Sporton International Incorporated	388,990	1.82
Gold Circuit Electronics Limited	373,845	1.75

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

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Sinbon Electronics Company Limited	1,093,242	2.68
Parade Technologies Limited	1,030,579	2.52
Universal Vision Biotechnology Company Limited	923,916	2.26
Sunjuice Holdings Company Limited	830,299	2.03
PT Merdeka Copper Gold TBK	771,744	1.89
Crompton Greaves Consumer Electricals Limited	713,189	1.75
Digital Core REIT Management Pte Limited	696,846	1.71
China Meidong Auto Holdings Limited	695,138	1.70
Phoenix Mills Limited	684,355	1.68
Voltas Limited	679,823	1.66

#### 4. Exposure to financial derivatives

Nil.

## NIKKO AM SHENTON EMERGING ENTERPRISE DISCOVERY FUND

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

### 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 14 to 19.

**9. Borrowings**

Nil.

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

**S\$**

Units created	4,021,261
Units cancelled	(15,728,118)

**11. Turnover ratio**

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

**12. Expense ratio**

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

**13. Related party transactions**

Please refer to Note 8 of the Notes to the Financial Statements on page 31.

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

Nil.

**15. Soft dollar commissions/arrangements**

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

Intentionally left blank.



Intentionally left blank.

Intentionally left blank.



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