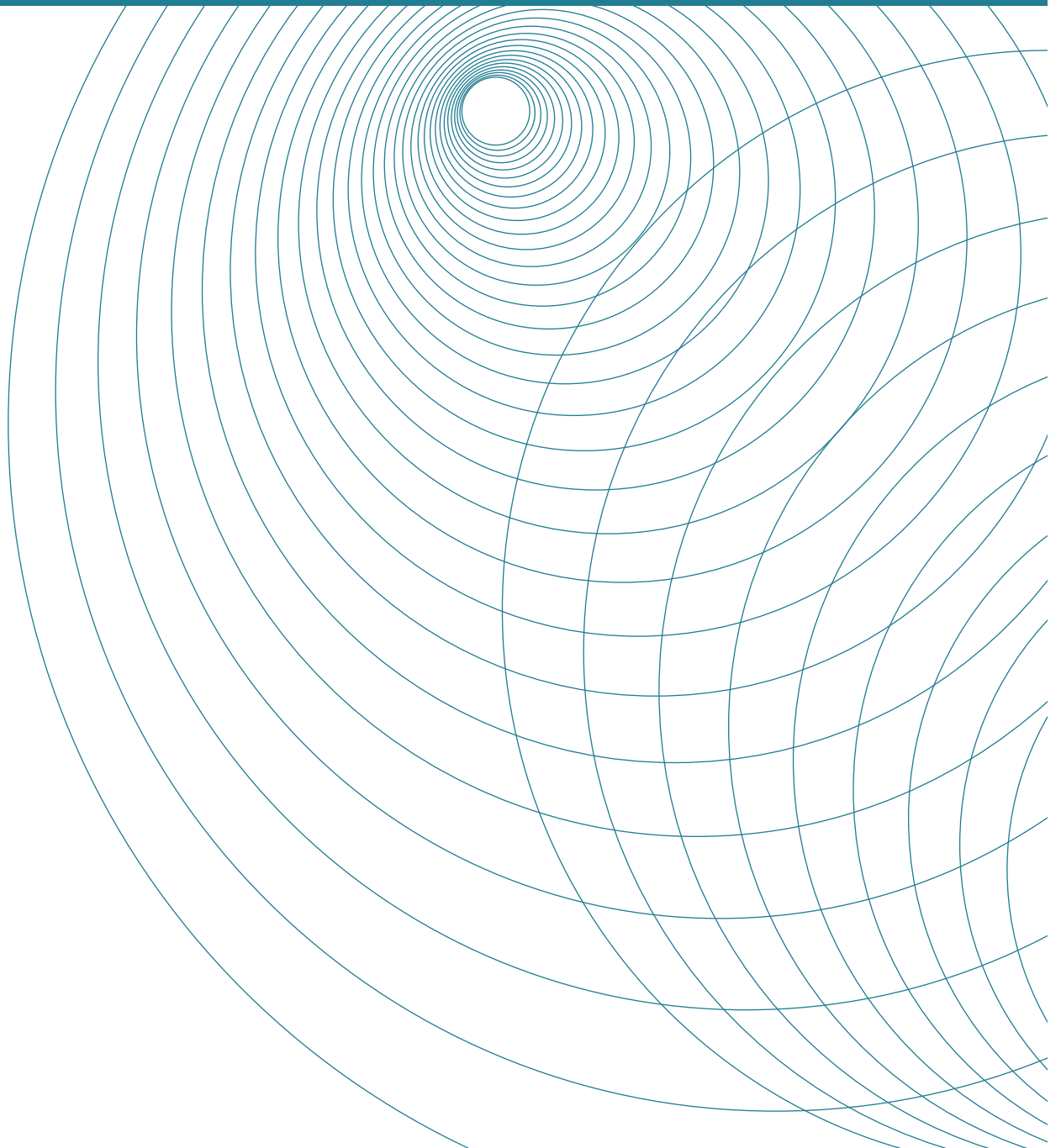


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**SEMI-ANNUAL REPORT**  
**Nikko AM Shenton Global Opportunities Fund**

**Financial period ending 30 June 2023**

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**MANAGERS**

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Singapore 018961  
Company Registration No. 198202562H

**DIRECTORS OF THE MANAGERS**

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

## PERFORMANCE SUMMARY

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Shenton Global Opportunities Fund - SGD Class <sup>1</sup>	7.35	9.74	7.24	7.14	7.97	10.22	5.05
Benchmark <sup>2</sup>	8.08	14.97	13.32	9.87	8.01	8.96	3.17

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 Global Opportunities Fund - SGD Class <sup>1</sup>	1.98	4.25	1.88	5.32	6.87	9.65	4.82
Benchmark <sup>2</sup>	8.08	14.97	13.32	9.87	8.01	8.96	3.17

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: 5 March 1999**

<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 Global Opportunities Fund - USD Class <sup>1</sup>	5.52	8.73	10.32	7.24	N/A	N/A	7.84
Benchmark <sup>2</sup>	6.18	13.93	16.53	10.99	N/A	N/A	9.18

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

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Shenton Global Opportunities Fund - USD Class <sup>1</sup>	0.24	3.29	4.80	5.43	N/A	N/A	6.48
Benchmark <sup>2</sup>	6.18	13.93	16.53	10.99	N/A	N/A	9.18

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

### **Inception date: 11 June 2019**

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**Note:**

- (1) With effect from 17 October 2011, the Fund (formerly known as “Shenton Global Opportunities Fund”) has been renamed Nikko AM Shenton Global Opportunities Fund.

The following changes were made to the Fund with effect from 16 March 2015:

- a. the appointment of Nikko Asset Management Co., Ltd (“NAM Japan”) as the investment adviser for the Fund has been terminated and Nikko Asset Management Europe Ltd (“NAM Europe”) has been appointed as the sub-manager of the Fund; and
- b. the base currency of the Fund was changed from Singapore dollars to United States dollars.

With effect from 22 April 2020, the Fund is included under the Central Provident Fund (“CPF”) Investment Scheme – Ordinary Account and is classified by the CPF Board under the category “Higher Risk – Broadly Diversified”.

- (2) With effect from 1 May 2019, the benchmark against which the performance of the Nikko AM Shenton Global Opportunities Fund is measured, i.e. the MSCI World Free Index (Net Total Return), has been changed to the MSCI AC World Index (Net Total Return). 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.

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**Portfolio Review*****Fund returned 9.74% in SGD terms in the first half of 2023 (1H23)***

For the six months ended 30 June 2023, the Nikko AM Shenton Global Opportunities Fund SGD Class (the “Fund”) returned 9.74% (SGD terms, on a NAV-NAV basis), underperforming the MSCI AC World Index which returned 14.97% over the same period.

The main contributors to performance in 1H23 included Tenet Healthcare Corporation, Amadeus IT Group SA, Microsoft Corporation, TransUnion and Chart Industries Inc. Tenet Healthcare Corporation outperformed in the second quarter (2Q) on the back of positive 1Q results, which were driven by favourable trends in healthcare services. Surgery volumes were up significantly in hospitals and ambulatory surgery centres. Additionally, contract labour rates continue to decrease, while permanent staff retention and turnover rates improve. Amadeus IT Group SA Class A shares climbed in May, after releasing a strong trading update. The company also noted that recovering travel volumes (as COVID-related disruption passes) should support the business’s performance throughout the rest of the year. Microsoft Corporation shares climbed following better-than-expected quarterly results, delivering strong performance in both Cloud and Professional businesses. Management sounded confident about the outlook on the earnings call and demand for artificial intelligence (AI) infrastructure is already proving to be a growth tailwind. TransUnion enjoyed a strong quarter in 2Q. Although US mortgage rates remain at very elevated levels (above 7%) and continue to represent a drag on growth for part of the business, performance elsewhere is looking better. This allowed management to reiterate guidance for the year

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with its 1Q results in April, hinting at a gradually improving picture in what remains a very high-quality business. Chart Industries share price bounced strongly in June as the company announced the sale of one of its non-core divisions—Roots, a low-pressure compression and vacuum business—for USD 300 million to Ingersoll Rand. Divesting non-core assets was one of the core objectives for Chart’s CEO, Jill Evanco, after the company’s large acquisition of Howden Engineering, announced in November 2022. The acquisition had shone a light on Chart’s gearing and balance sheet strength, so this divestment was a welcome relief for shareholders.

Conversely, AdaptHealth Corp, Schlumberger, Danaher Corporation, Deere & Company and LivaNova Plc were among the detractors from performance in 1H23. AdaptHealth Corp fell further after announcing disappointing financial results in May. Its diabetes business has continued to slow as innovation by Insulet effectively removes a revenue stream from Adapt – and management have been slow to react. The company announced that the CEO would be leaving the business because of the persistent underperformance. Energy stocks have underperformed this year after their exceptionally strong performance in 2022 and with mean reversion taking place in equity markets. Fears over the demand impact of a marked slowdown in US economic activity in 2H23 (as a result of the combined impact of interest rate hikes and the stress in the regional banking sector) have not helped our holding in Schlumberger either. Danaher Corporation fell after reducing its full-year earnings guidance. The drivers of the downgrade (customer destocking, following the COVID-19 pandemic and tighter biotech funding) were anticipated, but the duration of these factors were not. Management had previously expected these to conclude by the end of 1H23 but are not modelling a full-year impact. Deere & Company underperformed year to date as sentiment towards soft commodities has softened this year, after the war in Ukraine led to concerns over both potential wheat shortages and input cost inflation during 2022. This has fed through into lower prices for corn and other crops and lower commodity prices traditionally lead to weaker capital spending by farmers. As a result, Deere & Co has underperformed so far this year. LivaNova Plc underperformed after posting disappointing quarterly results in February. Although the results were acceptable in aggregate, the market was disappointed by the performance of its profitable US epilepsy business, where it appears that the company are still struggling to attract new patients. With the bolus of implant procedures delayed during COVID-19 likely to be exhausted at some stage this year, this threatens growth in 2H23 and beyond if not addressed quickly.

## **Market Review**

### ***Global equity markets rebounded in 1H23***

Equity markets around the world have enjoyed a strong first half, posting gains of almost 14% (in USD terms). More than half of this move higher has been attributable to the fear of missing out on the artificial intelligence (AI) revolution, which has seen the information technology (IT) sector consistently leading the market. The other half has come mostly from other cyclical sectors, as US economic data has cooled in a relatively controlled manner, fuelling hopes that the Federal Reserve (Fed) may yet engineer a soft landing in the world’s biggest economy.

Investors have reacted positively to resilient economic data in the US. For now, at least, economic good news is being treated as such, rather than as a harbinger of further monetary tightening, which could lead to a drop off in economic activity in time. This future tightening has sounded ever more likely as we move towards the end of the second quarter (2Q23), despite the Fed’s pause in rate hikes in June, as policy committee members continued to sound relatively hawkish during the month.

Gauges of US consumer confidence came in comfortably ahead of economists’ expectations towards the end of 2Q23. The resilience of the US labour market and the continued drop off in inflation are clearly making US consumers feel better about life at present. Better-than-expected retail sales (excluding autos and gas) and home sales both evidenced this positivity.

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Having cooled somewhat earlier in the year, US bond yields have risen again recently, with the yield on the much-watched 10-year Treasury bond closing June back up at 3.8%. Credit spreads, however, have remained under control, and this has mattered more for sentiment in the market. The USD has also had a relatively quiet month, not appreciating much, against the currencies of its major trading partners.

This is despite the economic picture continuing to look less encouraging in other parts of the world. China has continued to deliver weaker-than-expected economic performance, and expectations (or hopes) for material economic stimulus from the Central Government have yet to be delivered. It is difficult to see how consumer confidence in the country will be quickly restored without this, after the real estate market policy tightening last year, especially with so much of the country's wealth closely tied to developments in this part of the economy.

Recent developments in Europe have not been particularly positive either. Germany's IFO Business Expectations survey have come in weaker than expected so far this year as have the country's factory orders and retail sales. Economic performance in France continues to look better than the Eurozone's other big economy but is not strong enough to offset the weakness in its larger neighbour.

As noted above, IT has been the standout performer this year. The sector was already performing well before Nvidia posted exceptionally strong numbers at the end of May, adding fresh impetus to building excitement about the potential returns from AI. The renaissance of many of the last decade's leaders was also evident in the improved performance of consumer discretionary index heavweights, such as Tesla and Amazon, as well as the digital advertising industry (most notably Google and Meta). Defensive sectors have all underperformed, with utilities, consumer staples and healthcare all failing to keep pace with the market. Commodity sectors (energy and materials) also underperformed, on concerns over economic growth in China.

The economic performance noted above was broadly reflected in regional equity market performance, with the US leading the way and GEM Asia underperforming. Japan also marginally underperformed over 1H23, driven by profit taking in June after a strong start to the year.

## **Market Outlook and Strategy**

### ***Aiming to turn opportunities into better performance***

Whilst the second quarter of 2023 has seen our portfolios deliver returns close to the benchmark, it has not felt much more comfortable than the first quarter (1Q), where the portfolio substantially underperformed. Many of the themes that shaped 1Q have persisted, notably the perceived relative defensiveness of Big Tech and the fear of missing out on the boom in spending on artificial intelligence (AI).

Whilst you could be forgiven for thinking that AI only came into existence this year, research started in this area in the 1950s. The proverb "honesty is the best policy" was first used somewhat earlier, in the seventeenth century. We have always valued honesty and transparency in our relationships with our clients, and this is more important than ever during periods of challenging performance, such as the one that we are enduring at present. It is little comfort to us that we have faced relatively few difficult performance spells over the 12 years that the team has been investing together.

Rather than blaming bad luck or clinging blindly to the belief that the market is wrong, and we are right, we have continued to have a self-critical review of what we could (or should) have done differently year to date. It's not as if we haven't made mistakes before. We have; it's just that the consequences of our mistakes have been unusually severe this year. Part of this is due to the sheer size of the companies that we haven't owned. More than two thirds of the index gains delivered this year have come from just

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seven companies. If you have not owned enough of these seven, it has been much more difficult to outperform the benchmark.

We are in no way happy with the performance that we are delivering at present, but we would be more worried if we weren't asking the right questions to ourselves. As a team, we are just not getting all the answers right at the moment. To use a football (soccer) analogy, it feels like we are like a centre forward who is continually getting into the right place on the pitch to score a goal but misses when shooting.

For instance, we have considered in the past whether Apple could come to be viewed as more of a consumer staple, given the relative maturity of many of its products and ubiquity within our day-to-day lives. This analysis could now be extended across some other tech titans, where sales growth is slowing but cash generation is underpinned by their historical successes and market position. Similarly, we did consider what might happen if Nvidia were to grow more quickly than the market expected, and its cost base proved relatively fixed (as has been the case so successfully in the case of our investment in Microsoft Corporation). In each case, we concluded that these potential outcomes were already largely captured by the existing valuation.

Whilst we are regretful for the performance consequences of these decisions, we are not feeling sorry for ourselves. Instead, we are continually re-reviewing our research models to see where something may have changed and is not reflected in a company's valuation, in either a positive or a negative fashion. Recent portfolio activity has been shaped by this discipline. We are not being blindly drawn towards the light created by the buzz of AI, like a suicidal moth. We have, however, added to somewhat related areas, where we are confident that AI (and other, related structural shifts) will underpin stronger-than-expected long-term demand and where our companies' market positions are exceptionally strong.

We have funded these additions to the portfolio by exiting positions where we have become concerned that the expected increase in cash return on investment has been delayed significantly. This can be because of management errors (as is the case at AdaptHealth Corporation) or because of developments beyond management's control. Management of Carlisle Companies Incorporated were likely no better placed than anyone else to predict the developments at Silicon Valley Bank, but the repercussions of those events will have a significant impact upon non-residential construction activity in the US for some time, and we are not convinced that we have seen the last of the pain in US regional banks.

In conclusion, the first half of 2023 has been as difficult a period for our strategy as we have seen, having invested together for more than a decade. Success stories like Tenet Healthcare Corporation and our holdings in the travel sector have been nowhere near enough to offset the twin impact of being on the wrong side of some index heavyweights and a couple of stock specific issues.

To return to the football analogy above, we are not going to blame the condition of the pitch (or unusually high concentration of equity market returns) for our problems but will focus instead on playing our own game as well as we possibly can. We remain confident that our Future Quality philosophy and our investment process will keep creating opportunities for us to perform, and history suggests that we will soon start to turn these opportunities into better performance for our clients.



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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.

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Nikko Asset Management Asia Limited. Registration Number 198202562H

**NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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>US\$</b>	US\$
<b>Income</b>		
Dividends	<b>1,186,307</b>	915,084
Interest on cash and cash equivalents	<b>53,088</b>	1,835
Other Income	<b>-</b>	267
	<b>1,239,395</b>	917,186
<b>Less: Expenses</b>		
Management fee	<b>916,825</b>	1,056,505
Transfer agent fee	<b>21,042</b>	16,460
Trustee fee	<b>73,805</b>	83,360
Custody fee	<b>10,153</b>	12,953
Audit fee	<b>6,235</b>	5,510
Valuation fee	<b>33,212</b>	37,512
Transaction costs	<b>94,648</b>	112,364
Other expenses	<b>42,790</b>	11,728
	<b>1,198,710</b>	1,336,392
<b>Net income/loss</b>	<b>40,685</b>	(419,206)
<b>Net gains or losses on value of investments</b>		
Net gains/(losses) on investments	<b>12,383,269</b>	(41,934,633)
Net foreign exchange losses	<b>(36,718)</b>	(83,062)
	<b>12,346,551</b>	(42,017,695)
<b>Total return/(deficit) for the financial period before income tax</b>	<b>12,387,236</b>	(42,436,901)
<b>Less: Income tax</b>	<b>(183,096)</b>	(270,165)
<b>Total return/(deficit) for the financial period after income tax</b>	<b>12,204,140</b>	(42,707,066)

## NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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 US\$	31 December 2022 US\$
<b>ASSETS</b>		
Portfolio of investments	150,435,122	140,617,837
Receivables	362,925	1,145,147
Cash and cash equivalents	2,574,384	2,681,723
<b>Total assets</b>	<b>153,372,431</b>	<b>144,444,707</b>
<b>LIABILITIES</b>		
Payables	951,450	912,895
<b>Total liabilities</b>	<b>951,450</b>	<b>912,895</b>
<b>EQUITY</b>		
Net assets attributable to unitholders	<b>152,420,981</b>	<b>143,531,812</b>

**NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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>US\$</b>	US\$
<b>Net assets attributable to unitholders at the beginning of the financial period/year</b>	<b>143,531,812</b>	246,684,754
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	<b>12,204,140</b>	(41,297,851)
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	<b>15,770,357</b>	57,342,845
Cancellation of units	<b>(19,085,328)</b>	(119,197,936)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	<b>(3,314,971)</b>	(61,855,091)
Total increase/(decrease) in net assets attributable to unitholders	<b>8,889,169</b>	(103,152,942)
<b>Net assets attributable to unitholders at the end of the financial period/year</b>	<b>152,420,981</b>	143,531,812

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

<b>By Geography (Primary)</b>	<b>Holdings at 30 June 2023</b>	<b>Fair value at 30 June 2023 US\$</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2023 %</b>
<b>Quoted Equities</b>			
<b>AUSTRALIA</b>			
Worley Limited	384,268	4,038,892	2.65
<b>Total AUSTRALIA</b>		<b>4,038,892</b>	<b>2.65</b>
<b>BRITAIN</b>			
Compass Group Public Listed Company	166,500	4,661,150	3.06
Diageo Public Listed Company	90,957	3,907,382	2.56
Haleon Public Listed Company	1,082,380	4,434,393	2.91
Linde Public Listed Company	12,321	4,690,112	3.08
Rentokil Initial Public Listed Company	438,515	3,428,634	2.25
<b>Total BRITAIN</b>		<b>21,121,671</b>	<b>13.86</b>
<b>FRANCE</b>			
Schneider Electric SE	18,384	3,338,680	2.19
<b>Total FRANCE</b>		<b>3,338,680</b>	<b>2.19</b>
<b>INDIA</b>			
Housing Development Finance Corporation Limited	115,523	3,971,742	2.61
<b>Total INDIA</b>		<b>3,971,742</b>	<b>2.61</b>
<b>INDONESIA</b>			
Bank Mandiri Persero TBK PT	8,930,300	3,097,386	2.03
<b>Total INDONESIA</b>		<b>3,097,386</b>	<b>2.03</b>
<b>IRELAND</b>			
Accenture Public Listed Company	16,806	5,181,794	3.40
<b>Total IRELAND</b>		<b>5,181,794</b>	<b>3.40</b>
<b>JAPAN</b>			
Hoya Corporation	22,800	2,693,534	1.77
Sony Group Corporation	36,500	3,274,103	2.15
<b>Total JAPAN</b>		<b>5,967,637</b>	<b>3.92</b>
<b>NETHERLANDS</b>			
Koninklijke Philips NV	94,679	2,046,064	1.34
<b>Total NETHERLANDS</b>		<b>2,046,064</b>	<b>1.34</b>
<b>SINGAPORE</b>			
DBS Group Holdings Limited	116,500	2,712,473	1.78
<b>Total SINGAPORE</b>		<b>2,712,473</b>	<b>1.78</b>
<b>SPAIN</b>			
Amadeus IT Group SA	58,186	4,424,622	2.90
<b>Total SPAIN</b>		<b>4,424,622</b>	<b>2.90</b>
<b>SWEDEN</b>			
Hexagon AB	286,730	3,512,010	2.30
<b>Total SWEDEN</b>		<b>3,512,010</b>	<b>2.30</b>
<b>TAIWAN</b>			
Taiwan Semiconductor Manufacturing Company Limited	203,000	3,754,371	2.46
<b>Total TAIWAN</b>		<b>3,754,371</b>	<b>2.46</b>

**NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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 US\$	Percentage of total net assets attributable to unitholders at 30 June 2023 %
<b>Quoted Equities (continued)</b>			
<b>UNITED STATES OF AMERICA</b>			
Abbott Laboratories	30,421	3,315,889	2.18
Bio-Techne Corporation	41,141	3,358,340	2.20
Booking Holdings Incorporated	1,306	3,526,631	2.31
Box Incorporated	112,142	3,294,732	2.16
Burford Capital Limited	94,234	1,148,316	0.75
ChampionX Corporation	69,006	2,140,566	1.40
Chart Industries Incorporated	14,467	2,312,984	1.52
Coca-Cola Company	60,916	3,668,362	2.41
Danaher Corporation	14,413	3,460,561	2.27
Elevance Health Incorporated	6,994	3,105,896	2.04
Encompass Health Corporation	56,435	3,821,214	2.51
Intercontinental Exchange Incorporated	29,961	3,387,990	2.22
KBR Incorporated	72,590	4,722,705	3.10
Masimo Corporation	16,950	2,789,122	1.83
Microsoft Corporation	31,790	10,817,819	7.10
Netflix Incorporated	8,525	3,753,558	2.46
O'Reilly Automotive Incorporated	2,612	2,495,244	1.64
Palomar Holdings Incorporated	49,657	2,882,092	1.89
Progressive Corporation	24,505	3,243,727	2.13
Samsonite International SA	1,310,100	3,694,627	2.42
Schlumberger Limited	83,981	4,125,147	2.71
Synopsys Incorporated	7,463	3,249,465	2.13
Tenet Healthcare Corporation	40,379	3,286,043	2.16
Tractor Supply Company	10,812	2,390,858	1.57
TransUnion	41,795	3,275,892	2.15
<b>Total UNITED STATES OF AMERICA</b>		<b>87,267,780</b>	<b>57.26</b>
<b>Total Quoted Equities</b>		<b>150,435,122</b>	<b>98.70</b>
<b>Portfolio of investments</b>		<b>150,435,122</b>	<b>98.70</b>
<b>Other net assets</b>		<b>1,985,859</b>	<b>1.30</b>
<b>Net assets attributable to unitholders</b>		<b>152,420,981</b>	<b>100.00</b>

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

	<b>Percentage of total net assets attributable to unitholders at 30 June 2023 %</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2022 %</b>
<b>Quoted Equities</b>		
Australia	2.65	2.75
Britain	13.86	12.12
France	2.19	1.80
Hong Kong SAR	-	2.23
India	2.61	3.12
Indonesia	2.03	-
Ireland	3.40	3.60
Israel	-	1.64
Japan	3.92	1.95
Netherlands	1.34	0.72
Singapore	1.78	2.07
Spain	2.90	1.69
Sweden	2.30	2.10
Taiwan	2.46	2.07
United States of America	57.26	58.27
<b>Total Quoted Equities</b>	<b>98.70</b>	<b>96.13</b>
<b>Quoted Real Estate Investment Trusts</b>		
United States of America	-	1.84
<b>Total Quoted Real Estate Investment Trusts</b>	<b>-</b>	<b>1.84</b>
<b>Portfolio of investments</b>	<b>98.70</b>	<b>97.97</b>
<b>Other net assets</b>	<b>1.30</b>	<b>2.03</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

**NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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 US\$</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>
Apparel	3,694,627	2.42	-
Banks	5,809,859	3.81	2.07
Beverages	7,575,744	4.97	5.53
Chemicals	4,690,112	3.08	2.34
Commercial Services	11,129,148	7.30	7.58
Computers	9,904,499	6.50	4.42
Cosmetics/Personal Care	4,434,393	2.91	-
Diversified Financial Services	8,508,048	5.58	6.85
Electrical Component & Equipment	3,338,680	2.19	4.23
Energy-Alternate Sources	-	-	1.64
Electronics	2,693,534	1.77	-
Engineering and Construction	4,038,892	2.65	-
Food	-	-	1.87
Food Service	4,661,150	3.06	3.33
Healthcare-Products	14,969,976	9.82	10.92
Healthcare-Services	10,213,153	6.70	6.70
Home Furnishings	3,274,103	2.15	1.95
Insurance	6,125,819	4.02	6.55
Internet	7,280,189	4.78	2.29
Machinery-Diversified	5,824,994	3.82	5.81
Miscellaneous Manufacture	-	-	1.94
Oil and Gas Services	6,265,713	4.11	3.16
Pharmaceuticals	-	-	2.17
Real Estate Investment Trusts (REITS)	-	-	1.84
Retail	4,886,102	3.21	4.53
Semiconductors	3,754,371	2.46	2.07
Software	17,362,016	11.39	8.18
<b>Portfolio of investments</b>	<b>150,435,122</b>	<b>98.70</b>	<b>97.97</b>
<b>Other net assets</b>	<b>1,985,859</b>	<b>1.30</b>	<b>2.03</b>
<b>Net assets attributable to unitholders</b>	<b>152,420,981</b>	<b>100.00</b>	<b>100.00</b>



## NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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 11 to 14.

#### 2. Credit rating of debt securities

Nil.

#### 3. Top 10 holdings

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

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Microsoft Corporation	10,817,819	7.10
Accenture Public Listed Company	5,181,794	3.40
KBR Incorporated	4,722,705	3.10
Linde Public Listed Company	4,690,112	3.08
Compass Group Public Listed Company	4,661,150	3.06
Haleon Public Listed Company	4,434,393	2.91
Amadeus IT Group SA	4,424,622	2.90
Schlumberger NV	4,125,147	2.71
Worley Limited	4,038,892	2.65
Housing Development Finance Corporation Limited	3,971,742	2.61

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

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Microsoft Corporation	7,851,953	6.35
Compass Group Public Listed Company	4,408,726	3.57
Coca-Cola Company	4,163,418	3.37
Danaher Corporation	3,975,530	3.22
Encompass Health Corporation	3,619,682	2.93
Progressive Corporation	3,582,731	2.90
Taiwan Semiconductor Manufacturing Company Limited	3,521,952	2.85
Worley Limited	3,425,835	2.77
Sony Group Corporation	3,389,219	2.74
Housing Development Finance Corporation Limited	3,220,613	2.61

#### 4. Exposure to financial derivatives

Nil.

## NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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 11 to 14.

#### 9. Borrowings

Nil.

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

	US\$
Units created	15,770,357
Units cancelled	(19,085,328)

#### 11. Turnover ratio

		30 June 2023	30 June 2022
Lower of total value of purchases or sales	US\$	<b>33,946,072</b>	43,244,484
Average daily net asset value	US\$	<b>148,025,853</b>	169,916,505
<b>Total turnover ratio<sup>1</sup></b>	<b>%</b>	<b><u>22.93</u></b>	<b><u>25.45</u></b>

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

#### 12. Expense ratio

		30 June 2023	30 June 2022
<b><u>SGD Class</u></b>			
Total operating expenses	US\$	<b>2,100,195</b>	1,919,987
Average daily net asset value	US\$	<b>142,496,668</b>	131,132,355
<b>Total expense ratio<sup>2</sup></b>	<b>%</b>	<b><u>1.47</u></b>	<b><u>1.46</u></b>
<b><u>USD Class</u></b>			
Total operating expenses	US\$	<b>4,560</b>	810,487
Average daily net asset value	US\$	<b>310,870</b>	55,144,252
<b>Total expense ratio<sup>2</sup></b>	<b>%</b>	<b><u>1.47</u></b>	<b><u>1.47</u></b>

## NIKKO AM SHENTON GLOBAL OPPORTUNITIES FUND

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

### REPORT TO UNITHOLDERS

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

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#### 12. Expense ratio (continued)

<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.

#### 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 US\$</b>	31 December 2022 US\$
Bank balances held with related party of the Trustee	<b><u>2,574,384</u></b>	<u>2,681,723</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.

The Sub-Managers of the Fund, Nikko Asset Management Europe Ltd., do not receive or intend to receive any soft dollars commissions, or enter into soft dollars arrangements, in respect of Fund. Nikko Asset Management Americas, Inc also does not receive or intend to receive soft dollars in respect of the global equities trading that it carries out for the Fund.













# ANNUAL REPORT

For the financial year ended 31 December 2022

## Nikko AM Shenton Global Opportunities Fund



**MANAGERS**

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

**DIRECTORS OF THE MANAGERS**

Kiyotaka Ryu  
Seet Oon Hui Eleanor  
Hiroki Tsujimura

**TRUSTEE & REGISTRAR**

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

**AUDITORS**

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

**CUSTODIAN**

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

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

## PERFORMANCE SUMMARY

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Shenton Global Opportunities Fund - SGD Class <sup>1</sup>	2.12	-2.28	-21.25	5.40	7.91	10.52	4.74
Benchmark <sup>2</sup>	2.60	-1.43	-18.78	3.91	5.56	8.60	2.64

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 Global Opportunities Fund - SGD Class <sup>1</sup>	-2.99	-7.16	-25.19	3.62	6.80	9.96	4.52
Benchmark <sup>2</sup>	2.60	-1.43	-18.78	3.91	5.56	8.60	2.64

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: 5 March 1999**

<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 Global Opportunities Fund - USD Class <sup>1</sup>	9.27	1.46	-23.00	4.55	N/A	N/A	6.45
Benchmark <sup>2</sup>	9.76	2.28	-18.36	4.00	N/A	N/A	6.55

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

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Shenton Global Opportunities Fund - USD Class <sup>1</sup>	3.81	-3.61	-26.85	2.78	N/A	N/A	4.92
Benchmark <sup>2</sup>	9.76	2.28	-18.36	4.00	N/A	N/A	6.55

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

### **Inception date: 11 June 2019**

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**Note:**

- (1) With effect from 17 October 2011, the Fund (formerly known as “Shenton Global Opportunities Fund”) has been renamed Nikko AM Shenton Global Opportunities Fund.

The following changes were made to the Fund with effect from 16 March 2015:

- a. the appointment of Nikko Asset Management Co., Ltd (“NAM Japan”) as the investment adviser for the Fund has been terminated and Nikko Asset Management Europe Ltd (“NAM Europe”) has been appointed as the sub-manager of the Fund; and
- b. the base currency of the Fund was changed from Singapore dollars to United States dollars.

With effect from 22 April 2020, the Fund is included under the Central Provident Fund (“CPF”) Investment Scheme – Ordinary Account and is classified by the CPF Board under the category “Higher Risk – Broadly Diversified”.

- (2) With effect from 1 May 2019, the benchmark against which the performance of the Nikko AM Shenton Global Opportunities Fund is measured, i.e. the MSCI World Free Index (Net Total Return), has been changed to the MSCI AC World Index (Net Total Return). 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.

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**Portfolio Review*****The Fund returned -21.25% in 2022***

For the 12 months ended 31 December 2022, the Nikko AM Shenton Global Opportunities Fund SGD Class (the “Fund”) returned -21.25% (SGD terms, on a NAV-NAV basis), underperforming the MSCI AC World Index which returned -18.78% over the same period.

The main contributors to performance in 2022 included Progressive Corporation, Deere & Company, Encompass Health Corporation, Compass Group and LHC Group. Progressive has continued to deliver stronger-than-expected earnings for much of the year and has outperformed as a result. The combination of strong investment income and good margin performance/combined ratio control in its auto insurance business have been notable highlights over the year. Commodity price inflation has been fairly widespread at periods during 2022, with the flow of global commodities jeopardised by Russia’s invasion of Ukraine. Crop prices were caught up in this during the first half of 2022 and rose again towards year end, on adverse growing conditions in several regions. Higher crop prices tend to lead farmers to spend more on productivity boosting equipment and this has been good for demand for Deere & Co. Encompass was strong as investors saw a gradual normalisation in nursing markets as fewer COVID-related hospitalisations cooled demand for contract nursing labor. Better nurse availability has the effect of allowing Encompass to treat more patients at its Inpatient Rehabilitation Facilities (IRF), and at a lower cost of care, driving sales and profits higher. The company also spun off its home nursing business in 2022, allowing management to focus entirely on structural growth opportunities open to the IRF sector (at the expense of more expensive, alternative sites of care). LHC Group outperformed

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after the company agreed to be acquired by UnitedHealth Group. LHC are one of only a handful of national home nursing companies in the US and will bolster UnitedHealth's ongoing diversification into employing their own caregivers, in addition to their traditional healthcare insurance offering. Compass has been another beneficiary of a gradual return to normal, following the upheaval caused by COVID. Workers have continued to head back to their offices and factories and this cyclical uplift has supplemented the structural growth in outsourcing by educational and healthcare companies (amongst others), which increasingly realise that they are better off outsourcing catering operations to specialist companies like Compass, rather than attempting to manage them themselves.

Conversely, Chart Industries, TransUnion, Masimo Corporation, Sony Group Corporation and Philips were among the detractors from performance. Chart Industries declined sharply in November following the company's announcement that it would purchase Howden, a UK-based producer of air and gas handling products and aftermarket services, for USD 4.4 billion. The shares suffered because there was no indication from Chart that a deal was forthcoming. The preferred stock element has uncertainty surrounding it and may end up in a capital raise, and the price paid is historically high for a capital goods company. This raises the concern that Chart is overpaying and gearing up at the wrong time. Ultimately, we think that the deal makes strategic sense, however, we have organised a call with management to discuss the rationale behind the way it has been funded and the way it was communicated to the market. TransUnion has been dragged lower by two factors, concerns over the financial performance of recently completed acquisitions (if softer economic activity leads to reduced demand for credit) and fears over the impact of higher mortgage rates on mortgage originations. The latter has been a particular weight on sentiment, with US mortgage rates touching 7% during the year, levels not seen since 1999. Masimo underperformed sharply in February as investors reacted badly to their acquisition of Sound United for USD 1 billion. The deal diluted Masimo's near-term profit margins and returns and suggested to some that management wanted to take on consumer giants like Apple. Subsequent company meetings suggest, however, that the acquisition has much more strategic merit than was first considered and that the dilution to group returns will be both smaller and shorter-lived than previously expected. Sony has been viewed as something of a 'tech proxy' in 2022, likely thanks to the previous strength of its CMOS sensing business. With investors generally rotating out of the IT sector and into energy and other 'value' sectors, this has led the stock to underperform, even though the diversified nature of the business has actually protected its earnings and cashflows well through the year. Philips has underperformed thanks to a combination of negative news headlines regarding their CPAP product recall (which the company initiated in 2021) and patchy earnings delivery, as the company's supply chain has struggled more than most to cope with the dislocation caused by COVID.

## **Market Review**

### ***Global equity markets took a hit in 2022***

After posting strong gains in recent years, equity markets fell sharply in 2022, with the MSCI ACWI declining 18.4%. The Fund's underperformance was driven by negative stock selection within the healthcare and consumer staples sectors, as well as our underweight position in energy. These more than offset positive stock selection in consumer discretionary and materials and the beneficial effect of being underweight the communication services sector.

Inflation (and the potential monetary policy response to it) has continued to be the dominant issue for equity markets throughout the review period. Geopolitics, supply chain dislocation and the lagged impact of central bank largesse during COVID exacerbated existing supply side challenges to stoke price inflation across a number of commodities during the year. With labour markets in the US remaining tight, these cost pressures have begun to feed through into higher wage increases, thereby increasing the US Federal Reserve (Fed)'s fears of a potentially inflationary spiral.

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As a result, the Fed has continued to hike interest rates significantly over the course of the review period, with the Fed Funds Target Rate reaching 4.5% by December 2022 (having been as low as 0.25% at the start of the year). Bond yields spiked in sympathy, with the yield on the much-watched US 10-year Treasury bond peaking at 4.2% in October. With discount rates rising sharply, valuation multiples have contracted significantly and are now generally more in line with historical averages. Earnings delivery remains critical, however, if these valuations are to be proven real.

Geopolitical risk rose significantly and contributed meaningfully to rising bond yields and a generally “risk-off” tone in equity markets. Russia’s invasion of Ukraine in February saw Russian energy supplies quickly become a weapon of war for Russia, with supplies of gas and oil to Europe radically scaled back (even before European governments felt confident enough in alternative supplier to start voluntarily reducing their reliance upon Russian imports).

With the unthinkable now very much thinkable, other longstanding potential sources of tension were also reassessed, in particular, China’s attitude towards Taiwan (on whose semiconductors much of the global economy continues to rely on). The breakdown in relations between Saudi Arabia and the US was also highlighted by OPEC’s decision not to meaningfully increase production rates as Russian oil supplies to the West fell. The US responded by significantly drawing down its Strategic Petroleum Reserve to shield consumers from the rapid energy cost inflation already confronting consumers in Europe and the UK (even with heavy government subsidies).

Against this backdrop, it is not surprising that energy has been (by far) the best performing sector in 2022, outperforming the benchmark by over 60% over the year under review. Every other major sector fell in absolute terms, with the sharpest falls being observed in sectors that had provided market leadership in the days of abundant liquidity and an artificially low cost of capital. Communication services (particularly digital media), consumer discretionary and information technology all underperformed significantly, hinting at a potential change in equity market leadership that will likely persist as long as policy rates remain elevated.

Overall, 2022 was very much the mirror image of the previous year in many ways. Sectors with the highest investor positioning at the start of the year and the most extended valuations did particularly poorly. As we emerge from 2022’s bear market, it is worth looking to the past to see if it can yield any useful lessons. History tells us that it is extremely unusual for the leading sectors heading into a bear market to resume that leadership once it is over. We continue to believe that the cost of capital will remain elevated for some time yet and that investors will continue to gravitate towards what they need in such an uncertain world, including energy security and affordable healthcare, rather than what they felt that they needed during the days of limitless liquidity.

## **Market Outlook and Strategy**

### ***Cautious positioning warranted as market confidence remains fragile***

Scotland has a lot of mountains and hills for a reasonably small country (almost 1,000 of them). They are not always very welcoming at this time of year but offer fantastic views when the weather improves.

It feels like equity investors have just come off the summit of one mountain (formed during the days of quantitative easing) and are eyeing up the next (if/when any Fed-induced US recession has passed). The problem is that the weather is currently poor, and visibility is not great. This matters when assessing the depth of the drop between the two summits. In equity parlance, how great might the earnings downgrades be? And what does this mean for where share prices trough?

At the risk of straining this analogy too far, there is probably still a narrow pass threading its way between the two summits (also known as a soft landing), but the chances of Fed policy delivering us to this seem to be dimming and investors are questioning the abilities of their mountain guide.

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There is an ongoing tussle between credit markets and the narrative consistently espoused by the Fed. The US central bank is adamant that it will need to see services inflation cool (as goods inflation already has) and some slack in labour markets before changing tack, but credit markets seem unconvinced, seemingly of the view that enough has been done already and that we are closer to peak rates than the Fed would have us believe. The spread payable on BBB-rated debt (relative to government bonds) has come in in recent months and financial conditions have eased.

Recent equity market action (when an attempted rally was curtailed by more hawkish narratives by the Fed) suggests to us that it is too early to call which way the debate will evolve. The fact that concept capital is continuing to plumb new lows (as measured by the Renaissance IPO ETF) certainly suggests that confidence remains very fragile, and we are not positioning the portfolio for a rapid return to the looser monetary conditions that these companies require to prosper (or even survive, in some cases).

If you had invested USD 1 in the S&P 500 on the last day of 2017, you would have USD 1.44 as at the last trading day of 2022. If you had invested the same dollar in the hottest IPOs of the day (as measured by the same ETF noted above), you would now have USD 0.85 (and more grey hairs, given the extreme volatility observed in these shares over that period). With private equity markets much less along the price discovery journey than public markets, 2023 does not look like a bumper IPO year either.

According to Mountaineering Scotland's website, the most important thing if you have no clear path ahead is not to panic. As they say, "Don't simply start walking in different directions changing bearings every minute or two in the hope that things will be sorted". This sounds like good advice to us too. We won't chase north into the uncharted landscape of cashless concept stocks. No more than we will head south into deep value.

The four guiding principles of our Future Quality philosophy will remain our investment compass in these challenging conditions. The stocks that satisfy the four requirements represent the middle ground, between the two stylistic extremes noted above and allow us to construct balanced portfolios. Our focus on franchise quality and management quality allows us to look forward with optimism, whilst balance sheet quality and valuation discipline provide something of a safety rope, in case of unplanned slips.

We remain convinced that the future will look very different to the recent past. Delivery of sales and profit growth will be ever more critical to share price performance. It seems unlikely to us that the areas that have sucked in the most capital over the last 10 years will turn out to be those with the most unmet demand (think digital advertising, niche software applications or streaming services). The recent glut of headcount reductions across Big Tech suggests that management teams here may also be beginning to share that view.

Instead, more pressing needs are presenting themselves, many of which have been underinvested over the last decade (or longer). Defence and energy security have been very much front of mind over the last 12 months (and are likely to remain so in our view). There are likely other areas too, where the stars are starting to align. We continue to spend all of our time attempting to identify these, as part of our bottom-up stock research.

In conclusion and to quote the great Billy Connolly, "there's no such thing as bad weather, only the wrong clothes". Current equity market conditions dictate that you choose your investment attire particularly carefully. In our view, buying profitless technology companies is like going up a Scottish mountain wearing flip-flops. You might get away with it, but the odds are not in your favour. Instead, we prefer the protection afforded by profits (and cash) generated today and not at some unspecified point in the future.



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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.

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

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

### **For Hong Kong Investors**

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

Nikko Asset Management Asia Limited. Registration Number 198202562H

## **NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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 Global Opportunities 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 13 to 32, 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 GLOBAL OPPORTUNITIES 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 13 to 32, 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 Global Opportunities 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 GLOBAL OPPORTUNITIES 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 Global Opportunities 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 GLOBAL OPPORTUNITIES 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 GLOBAL OPPORTUNITIES 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 GLOBAL OPPORTUNITIES 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 US\$	2021 US\$
<b>Income</b>			
Dividends		1,559,562	1,677,816
Interest on cash and cash equivalents		31,548	-
Other income		304	-
		<b>1,591,414</b>	<b>1,677,816</b>
<b>Less: Expenses</b>			
Management fee		1,923,828	2,263,374
Registrar fee		35,854	28,856
Trustee fee		152,221	180,422
Custody fee		21,204	22,498
Audit fee		10,582	11,031
Valuation fee		68,499	81,190
Transaction costs		195,540	254,145
Other expenses		12,627	107,148
		<b>2,420,355</b>	<b>2,948,664</b>
<b>Net losses</b>		<b>(828,941)</b>	<b>(1,270,848)</b>
<b>Net gains or losses on value of investments</b>			
Net (losses)/gains on investments		(40,092,156)	25,764,061
Net foreign exchange gains/(losses)		33,540	(464,747)
		<b>(40,058,616)</b>	<b>25,299,314</b>
<b>Total (deficit)/return for the financial year before income tax</b>		<b>(40,887,557)</b>	<b>24,028,466</b>
<b>Less: Income tax</b>	3	<b>(410,294)</b>	<b>(425,525)</b>
<b>Total (deficit)/return for the financial year after income tax</b>		<b>(41,297,851)</b>	<b>23,602,941</b>

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

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

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	Note	2022 US\$	2021 US\$
<b>ASSETS</b>			
Portfolio of investments		<b>140,617,837</b>	243,315,659
Receivables	4	<b>1,145,147</b>	1,219,682
Cash and cash equivalents		<b>2,681,723</b>	8,433,460
<b>Total assets</b>		<b>144,444,707</b>	252,968,801
<b>LIABILITIES</b>			
Payables	5	<b>912,895</b>	1,139,279
Purchases awaiting settlement		-	5,144,768
<b>Total liabilities</b>		<b>912,895</b>	6,284,047
<b>EQUITY</b>			
Net assets attributable to unitholders	6	<b>143,531,812</b>	246,684,754

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



**NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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 US\$	2021 US\$
<b>Net assets attributable to unitholders at the beginning of the financial year</b>		<b>246,684,754</b>	128,012,343
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		<b>(41,297,851)</b>	23,602,941
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		<b>57,342,845</b>	165,980,986
Cancellation of units		<b>(119,197,936)</b>	(70,911,516)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		<b>(61,855,091)</b>	95,069,470
Total (decrease)/increase in net assets attributable to unitholders		<b>(103,152,942)</b>	118,672,411
<b>Net assets attributable to unitholders at the end of the financial year</b>	6	<b>143,531,812</b>	246,684,754

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

**NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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 US\$	Percentage of total net assets attributable to unitholders at 31 December 2022 %
<b>Quoted Equities</b>			
<b>AUSTRALIA</b>			
Worley Limited	387,538	3,942,176	2.75
<b>Total AUSTRALIA</b>		<u>3,942,176</u>	<u>2.75</u>
<b>BRITAIN</b>			
Compass Group Public Listed Company	207,074	4,776,186	3.33
Diageo Public Listed Company	91,731	4,027,442	2.81
Linde Public Listed Company	10,305	3,361,285	2.34
LivaNova Public Listed Company	45,554	2,530,069	1.76
Rentokil Initial Public Listed Company	442,246	2,702,389	1.88
<b>Total BRITAIN</b>		<u>17,397,371</u>	<u>12.12</u>
<b>FRANCE</b>			
Schneider Electric SE	18,540	2,586,531	1.80
<b>Total FRANCE</b>		<u>2,586,531</u>	<u>1.80</u>
<b>HONG KONG SAR</b>			
AIA Group Limited	287,200	3,193,987	2.23
<b>Total HONG KONG SAR</b>		<u>3,193,987</u>	<u>2.23</u>
<b>INDIA</b>			
Housing Development Finance Corporation Limited	140,105	4,474,285	3.12
<b>Total INDIA</b>		<u>4,474,285</u>	<u>3.12</u>
<b>IRELAND</b>			
Accenture Public Listed Company	9,311	2,484,547	1.73
Kerry Group Public Listed Company	29,868	2,685,286	1.87
<b>Total IRELAND</b>		<u>5,169,833</u>	<u>3.60</u>
<b>ISRAEL</b>			
SolarEdge Technologies Incorporated	8,331	2,359,922	1.64
<b>Total ISRAEL</b>		<u>2,359,922</u>	<u>1.64</u>
<b>JAPAN</b>			
Sony Group Corporation	36,800	2,798,803	1.95
<b>Total JAPAN</b>		<u>2,798,803</u>	<u>1.95</u>
<b>NETHERLANDS</b>			
Koninklijke Philips NV	68,920	1,030,062	0.72
<b>Total NETHERLANDS</b>		<u>1,030,062</u>	<u>0.72</u>
<b>SINGAPORE</b>			
DBS Group Holdings Limited	117,500	2,971,658	2.07
<b>Total SINGAPORE</b>		<u>2,971,658</u>	<u>2.07</u>
<b>SPAIN</b>			
Amadeus IT Group SA	46,759	2,422,816	1.69
<b>Total SPAIN</b>		<u>2,422,816</u>	<u>1.69</u>

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

**NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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 US\$	Percentage of total net assets attributable to unitholders at 31 December 2022 %
<b>Quoted Equities (continued)</b>			
<b>SWEDEN</b>			
Hexagon AB	289,170	3,015,328	2.10
<b>Total SWEDEN</b>		<u>3,015,328</u>	<u>2.10</u>
<b>TAIWAN</b>			
Taiwan Semiconductor Manufacturing Company Limited	204,000	2,976,819	2.07
<b>Total TAIWAN</b>		<u>2,976,819</u>	<u>2.07</u>
<b>UNITED STATES OF AMERICA</b>			
Abbott Laboratories	30,680	3,369,584	2.35
AdaptHealth Corporation	162,170	3,116,907	2.17
Adobe Incorporated	5,524	1,858,826	1.30
Bio-Techne Corporation	27,294	2,262,127	1.58
Booking Holdings Incorporated	1,626	3,276,845	2.28
Box Incorporated	113,097	3,520,710	2.45
Burford Capital Limited	111,369	893,533	0.62
Carlisle Companies Incorporated	11,827	2,785,732	1.94
Chart Industries Incorporated	14,590	1,681,498	1.17
Coca-Cola Company	61,434	3,907,817	2.72
Danaher Corporation	17,365	4,610,408	3.21
Deere & Company	8,482	3,638,099	2.54
Elevance Health Incorporated	7,054	3,620,536	2.52
Emerson Electric Company	36,313	3,488,227	2.43
Encompass Health Corporation	71,520	4,277,611	2.98
Intercontinental Exchange Incorporated	43,425	4,456,274	3.10
KBR Incorporated	73,208	3,865,382	2.69
Masimo Corporation	12,670	1,874,526	1.31
Microsoft Corporation	26,552	6,367,701	4.44
O'Reilly Automotive Incorporated	3,635	3,068,049	2.14
Palomar Holdings Incorporated	50,583	2,284,328	1.59
Progressive Corporation	30,238	3,922,473	2.73
Schlumberger Limited	84,695	4,528,642	3.16
Tenet Healthcare Corporation	35,228	1,718,774	1.20
Tractor Supply Company	15,258	3,432,592	2.39
Transunion	31,855	1,808,727	1.26
<b>Total UNITED STATES OF AMERICA</b>		<u>83,635,928</u>	<u>58.27</u>
<b>Total Quoted Equities</b>		<u>137,975,519</u>	<u>96.13</u>

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

**NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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 US\$	Percentage of total net assets attributable to unitholders at 31 December 2022 %
<b>Quoted Real Estate Investment Trusts</b>			
<b>UNITED STATES OF AMERICA</b>			
American Tower Corporation	12,472	2,642,318	1.84
<b>Total UNITED STATES OF AMERICA</b>		<b>2,642,318</b>	<b>1.84</b>
<b>Total Quoted Real Estate Investment Trusts</b>		<b>2,642,318</b>	<b>1.84</b>
<b>Portfolio of investments</b>		<b>140,617,837</b>	<b>97.97</b>
<b>Other net assets</b>		<b>2,913,975</b>	<b>2.03</b>
<b>Net assets attributable to unitholders</b>		<b>143,531,812</b>	<b>100.00</b>

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

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

<b>By Geography (Summary)</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>
<b>Quoted Equities</b>		
Australia	2.75	-
Britain	12.12	5.29
China	-	1.52
France	1.80	2.40
Germany	-	1.61
Hong Kong SAR	2.23	1.64
India	3.12	2.75
Ireland	3.60	7.74
Israel	1.64	1.13
Japan	1.95	3.19
Netherlands	0.72	1.45
Singapore	2.07	-
Spain	1.69	-
Sweden	2.10	1.49
Taiwan	2.07	3.19
United States of America	58.27	63.17
<b>Total Quoted Equities</b>	<b>96.13</b>	<b>96.57</b>
<b>Quoted Real Estate Investment Trusts</b>		
United States of America	1.84	2.06
<b>Total Quoted Real Estate Investment Trusts</b>	<b>1.84</b>	<b>2.06</b>
<b>Portfolio of investments</b>	<b>97.97</b>	<b>98.63</b>
<b>Other net assets</b>	<b>2.03</b>	<b>1.37</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 GLOBAL OPPORTUNITIES 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 US\$</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2022 %</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2021 %</b>
Banks	2,971,658	2.07	2.07
Beverages	7,935,259	5.53	2.66
Building Materials	-	-	1.45
Chemicals	3,361,285	2.34	-
Commercial Services	10,876,108	7.58	4.12
Computers	6,349,929	4.42	4.38
Distribution/Wholesale	-	-	2.51
Diversified Financial Services	9,824,092	6.85	5.43
Electrical Component & Equipment	6,074,758	4.23	5.22
Energy-Alternate Sources	2,359,922	1.64	1.12
Food	2,685,286	1.87	3.52
Food Service	4,776,186	3.33	3.03
Healthcare-Products	15,676,776	10.92	12.69
Healthcare-Services	9,616,921	6.70	6.46
Home Furnishings	2,798,803	1.95	5.26
Insurance	9,400,788	6.55	6.48
Internet	3,276,845	2.29	5.17
Machinery-Diversified	8,334,925	5.81	3.69
Miscellaneous Manufacture	2,785,732	1.94	3.78
Oil and Gas Services	4,528,642	3.16	-
Pharmaceuticals	3,116,907	2.17	1.53
Real Estate Investment Trusts (REITS)	2,642,318	1.84	2.06
Retail	6,500,641	4.53	2.68
Semiconductors	2,976,819	2.07	3.19
Software	11,747,237	8.18	10.13
<b>Portfolio of investments</b>	<b>140,617,837</b>	<b>97.97</b>	<b>98.63</b>
<b>Other net assets</b>	<b>2,913,975</b>	<b>2.03</b>	<b>1.37</b>
<b>Net assets attributable to unitholders</b>	<b>143,531,812</b>	<b>100.00</b>	<b>100.00</b>

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

## **NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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 Global Opportunities Fund (the "Fund") is a Singapore domiciled fund constituted by a Trust Deed dated 10 October 1996 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"). The Sub-Manager of the Fund is Nikko Asset Management Europe Ltd (the "Sub-Manager"). The Sub-Manager has further appointed Nikko Asset Management Americas, Inc. ("NAM Americas") to carry out global equities trading for the Fund during business contingencies.

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

As of 31 December 2022 and 2021, only units in the SGD Class and USD 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.

## NIKKO AM SHENTON GLOBAL OPPORTUNITIES FUND

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### 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)

###### (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.

##### (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 GLOBAL OPPORTUNITIES FUND

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### 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 United States Dollar ("USD") and Singapore Dollar ("SGD").

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

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

Foreign currency monetary assets and liabilities are translated into United States 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 United States 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 with Sections 35(12) and 35(12A) of the Income Tax Act 1947. Such income includes:

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

## NIKKO AM SHENTON GLOBAL OPPORTUNITIES FUND

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### 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 US\$	2021 US\$
Singapore income tax	-	32
Overseas income tax	410,294	425,493
	<u>410,294</u>	<u>425,525</u>

The Singapore income tax represents mainly tax charge on other income received but derived from outside Singapore. The overseas income tax represents tax deducted at source on dividend derived from outside Singapore.

#### 4. Receivables

	2022 US\$	2021 US\$
Receivable from unitholders for creation of units	1,080,628	1,146,107
Dividends receivable	64,519	73,575
	<u>1,145,147</u>	<u>1,219,682</u>

#### 5. Payables

	2022 US\$	2021 US\$
Payable to unitholders for cancellation of units	375,682	301,269
Amount due to the Manager	463,773	725,601
Amount due to the Trustee	37,175	58,055
Valuation fee payable	16,729	26,125
Registrar fee payable	3,015	6,418
Provision for audit fee	10,870	11,128
Custody fee payable	5,094	8,324
Other payables	557	2,359
	<u>912,895</u>	<u>1,139,279</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 GLOBAL OPPORTUNITIES FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2022***6. 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>92,452,422</b>	44,254,003
Units created	<b>37,600,578</b>	72,686,057
Units cancelled	<b>(30,591,455)</b>	(24,487,638)
Units at end of the financial year	<b>99,461,545</b>	92,452,422

Net assets attributable to unitholders - US\$	<b>143,264,518</b>	168,180,109
Net asset value per unit - US\$	<b>1.440</b>	1.819

<b><u>USD Class</u></b>	<b>2022</b>	2021
Units at beginning of the financial year	<b>48,406,038</b>	41,268,993
Units created	<b>358,364</b>	25,625,885
Units cancelled	<b>(48,550,395)</b>	(18,488,840)
Units at end of the financial year	<b>214,007</b>	48,406,038

Net assets attributable to unitholders - US\$	<b>267,294</b>	78,504,645
Net asset value per unit - US\$	<b>1.249</b>	1.622

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>US\$</b>	US\$
Net assets attributable to unitholders per financial statements per unit	<b>1.440</b>	1.819
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>1.440</b>	1.819

<b><u>USD Class</u></b>	<b>2022</b>	2021
	<b>US\$</b>	US\$
Net assets attributable to unitholders per financial statements per unit	<b>1.249</b>	1.622
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>1.249</b>	1.622

<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.

\* The effect is less than 0.001.

## **NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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 equities of developed and emerging markets.

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 invests primarily in equities of developed and emerging markets across various geographies. The Benchmark against which the performance of the Fund is measured is MSCI AC World Index (Net Total Return) (the "Benchmark").

As at 31 December 2022, an increase/decrease of the index component within the Benchmark by 19% (2021: 17%), with all other variables remaining constant, the net assets attributable to unitholders for the year would increase/decrease by approximately 18% (2021: 15%). 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 GLOBAL OPPORTUNITIES 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 GLOBAL OPPORTUNITIES FUND

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### 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	USD US\$	SGD US\$	EUR US\$	GBP US\$	JPY US\$	HKD US\$	TWD US\$	Others US\$	Total US\$
<b>Assets</b>									
Portfolio of investments	96,120,536	2,971,658	8,724,695	12,399,550	2,798,803	3,193,987	2,976,819	11,431,789	140,617,837
Receivables	50,312	1,080,628	-	-	-	-	14,207	-	1,145,147
Cash and cash equivalents	1,914,534	681,766	2,167	1,960	466	1	80,509	320	2,681,723
<b>Total assets</b>	<b>98,085,382</b>	<b>4,734,052</b>	<b>8,726,862</b>	<b>12,401,510</b>	<b>2,799,269</b>	<b>3,193,988</b>	<b>3,071,535</b>	<b>11,432,109</b>	<b>144,444,707</b>
<b>Liabilities</b>									
Payables	537,213	375,682	-	-	-	-	-	-	912,895
<b>Total liabilities</b>	<b>537,213</b>	<b>375,682</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>912,895</b>
<b>Net currency exposure</b>	<b>97,548,169</b>	<b>4,358,370</b>	<b>8,726,862</b>	<b>12,401,510</b>	<b>2,799,269</b>	<b>3,193,988</b>	<b>3,071,535</b>	<b>11,432,109</b>	
<b>As at 31 December 2021</b>									
	USD US\$	SGD US\$	EUR US\$	GBP US\$	JPY US\$	HKD US\$	TWD US\$	Others US\$	Total US\$
<b>Assets</b>									
Portfolio of investments	178,398,769	-	21,766,492	9,132,884	7,881,400	7,802,540	7,868,932	10,464,642	243,315,659
Receivables	545,778	646,107	-	-	-	-	27,797	-	1,219,682
Cash and cash equivalents	6,274,950	2,134,668	2,285	2,190	534	-	18,688	145	8,433,460
<b>Total assets</b>	<b>185,219,497</b>	<b>2,780,775</b>	<b>21,768,777</b>	<b>9,135,074</b>	<b>7,881,934</b>	<b>7,802,540</b>	<b>7,915,417</b>	<b>10,464,787</b>	<b>252,968,801</b>
<b>Liabilities</b>									
Payables	841,470	297,809	-	-	-	-	-	-	1,139,279
Purchases awaiting settlement	4,105,887	-	412,853	208,851	-	176,057	-	241,120	5,144,768
<b>Total liabilities</b>	<b>4,947,357</b>	<b>297,809</b>	<b>412,853</b>	<b>208,851</b>	<b>-</b>	<b>176,057</b>	<b>-</b>	<b>241,120</b>	<b>6,284,047</b>
<b>Net currency exposure</b>	<b>180,272,140</b>	<b>2,482,966</b>	<b>21,355,924</b>	<b>8,926,223</b>	<b>7,881,934</b>	<b>7,626,483</b>	<b>7,915,417</b>	<b>10,223,667</b>	

## NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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 trust, 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>	
	<b>As at</b>	As at
	<b>31 December</b>	31 December
	<b>2022</b>	2021
	<b>US\$</b>	US\$
Payables	<b>912,895</b>	1,139,279
Purchases awaiting settlement	-	5,144,768
<b>Contractual cash outflows</b>	<b>912,895</b>	<b>6,284,047</b>

## NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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).

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

##### (f) Capital management

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



## NIKKO AM SHENTON GLOBAL OPPORTUNITIES FUND

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### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

#### (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:

As at 31 December 2022	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<b>Assets</b>				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted equities	137,975,519	-	-	137,975,519
- Quoted real estate investment trusts	2,642,318	-	-	2,642,318
	<u>140,617,837</u>	-	-	<u>140,617,837</u>
<b>As at 31 December 2021</b>				
	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<b>Assets</b>				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted equities	238,220,651	-	-	238,220,651
- Quoted real estate investment trusts	5,095,008	-	-	5,095,008
	<u>243,315,659</u>	-	-	<u>243,315,659</u>

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.

#### 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 US\$	2021 US\$
Bank balances held with related party of the Trustee	<u>2,681,723</u>	8,433,460

**NIKKO AM SHENTON GLOBAL OPPORTUNITIES FUND**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2022*

**9. Financial ratios**

**Expense ratio**

		<b>2022</b>	2021
<b><u>SGD Class</u></b>			
Total operating expenses	US\$	<b>1,995,821</b>	1,571,082
Average daily net asset value	US\$	<b>137,983,768</b>	106,260,356
<b>Total expense ratio<sup>1</sup></b>	<b>%</b>	<b>1.45</b>	1.48

		<b>2022</b>	2021
<b><u>USD Class</u></b>			
Total operating expenses	US\$	<b>228,978</b>	1,123,386
Average daily net asset value	US\$	<b>15,551,062</b>	75,409,033
<b>Total expense ratio<sup>1</sup></b>	<b>%</b>	<b>1.47</b>	1.49

**Turnover ratio**

		<b>2022</b>	2021
Lower of total value of purchases or sales	US\$	<b>78,802,465</b>	75,744,129
Average daily net asset value	US\$	<b>153,534,830</b>	181,669,389
<b>Total turnover ratio<sup>2</sup></b>	<b>%</b>	<b>51.33</b>	41.69

<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 backend 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 GLOBAL OPPORTUNITIES 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 16 to 20.

#### 2. Credit rating of debt securities

Nil.

#### 3. Top 10 holdings

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

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Microsoft Corporation	6,367,701	4.44
Compass Group Public Listed Company	4,776,186	3.33
Danaher Corporation	4,610,408	3.21
Schlumberger Limited	4,528,642	3.16
Housing Development Finance Corporation Limited	4,474,285	3.12
Intercontinental Exchange Incorporated	4,456,274	3.10
Encompass Health Corporation	4,277,611	2.98
Diageo Public Listed Company	4,027,442	2.81
Worley Limited	3,942,176	2.75
Progressive Corporation	3,922,473	2.73

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

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Microsoft Corporation	17,260,615	7.00
Accenture Public Listed Company	10,799,442	4.38
Carlisle Companies Incorporated	9,319,139	3.78
Amazon.com Incorporated	8,996,049	3.65
Abbott Laboratories	8,094,520	3.28
Sony Group Corporation	7,881,400	3.19
Taiwan Semiconductor Manufacturing Company Limited	7,868,932	3.19
Adobe Incorporated	7,725,762	3.13
Compass Group Public Listed Company	7,476,566	3.03
Emerson Electric Company	6,973,773	2.83

#### 4. Exposure to financial derivatives

Nil.

## NIKKO AM SHENTON GLOBAL OPPORTUNITIES 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 16 to 20.

**9. Borrowings**

Nil.

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

**US\$**

Units created	57,342,845
Units cancelled	(119,197,936)

**11. Turnover ratio**

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

**12. Expense ratio**

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

**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.

The Sub-Managers of the Fund, do not receive or intend to receive any soft dollars commissions, or enter into soft dollars arrangements, in respect of the Fund. NAM Americas also does not receive or intend to receive soft dollars in respect of the global equities trading that it carries out for the Fund.

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Company registration number 198202562H



# SEMI-ANNUAL REPORT

For the financial period ending 30 June 2022

**Nikko AM Shenton  
Global Opportunities Fund**



**MANAGERS**

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

**DIRECTORS OF THE MANAGERS**

Kiyotaka Ryu  
Seet Oon Hui Eleanor  
Hiroki Tsujimura

**TRUSTEE & REGISTRAR**

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

**AUDITORS**

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

**CUSTODIAN**

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

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

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

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

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

## PERFORMANCE SUMMARY

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Shenton Global Opportunities Fund - SGD Class <sup>1</sup>	-12.22	-19.41	-14.38	8.13	9.86	11.14	4.95
Benchmark <sup>2</sup>	-13.27	-17.60	-12.77	7.21	7.38	9.23	2.76

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

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Shenton Global Opportunities Fund - SGD Class <sup>1</sup>	-16.61	-23.44	-18.67	6.30	8.73	10.57	4.72
Benchmark <sup>2</sup>	-13.27	-17.60	-12.77	7.21	7.38	9.23	2.76

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

### Inception date: 5 March 1999

<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 Global Opportunities Fund - USD Class <sup>1</sup>	-14.63	-24.11	-19.54	6.12	N/A	N/A	7.04
Benchmark <sup>2</sup>	-15.66	-20.18	-15.75	6.21	N/A	N/A	6.88

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

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Shenton Global Opportunities Fund - USD Class <sup>1</sup>	-18.90	-27.90	-23.57	4.32	N/A	N/A	5.26
Benchmark <sup>2</sup>	-15.66	-20.18	-15.75	6.21	N/A	N/A	6.88

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

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**Inception date: 11 June 2019****Note:**

- (1) With effect from 17 October 2011, the Fund (formerly known as “Shenton Global Opportunities Fund”) has been renamed Nikko AM Shenton Global Opportunities Fund.

The following changes were made to the Fund with effect from 16 March 2015:

- a. the appointment of Nikko Asset Management Co., Ltd (“NAM Japan”) as the investment adviser for the Fund has been terminated and Nikko Asset Management Europe Ltd (“NAM Europe”) has been appointed as the sub-manager of the Fund; and
- b. the base currency of the Fund was changed from Singapore dollars to United States dollars.

With effect from 22 April 2020, the Fund is included under the Central Provident Fund (“CPF”) Investment Scheme – Ordinary Account and is classified by the CPF Board under the category “Higher Risk – Broadly Diversified”.

- (2) With effect from 1 May 2019, the benchmark against which the performance of the Nikko AM Shenton Global Opportunities Fund is measured, i.e. the MSCI World Free Index (Net Total Return), has been changed to the MSCI AC World Index (Net Total Return). 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.

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**Portfolio Review*****Fund returned -19.41% in 1H22***

For the six months ended 30 June 2022, the Nikko AM Shenton Global Opportunities Fund SGD Class (the “Fund”) returned -19.41% (SGD terms, on a NAV-NAV basis), underperforming the MSCI AC World Index which returned -17.60% over the same period.

The main contributors to performance included Progressive Corporation, LHC Group, Coca-Cola, Elevance Health and Palomar. Progressive Corporation has performed well as the company continues to combine proactive premium increases (in anticipation of rising auto insurance claims costs) and excellent underwriting / cost control. Progressive Corporation’s best in class usage of data analytics is continuing to allow them to price risk better than their competitors and gain market share without jeopardizing profitability. LHC Group outperformed after they agreed to be acquired by health insurance company UnitedHealth for \$170 per share. With relatively limited regulatory risk to the deal (thanks to the fragmented nature of the home health market), LHC Group’s share price has remained close to the agreed purchase price – easily outperforming a weak equity market. Coca-Cola has been an outperformer as a result of its steady growth characteristics, which have proven reasonably recession-proof in the past. The company enjoys strong pricing power and volumes have been recovering nicely as COVID-19 restrictions on the restaurant sector are eased. Elevance Health had a strong start to the year, after first quarter (Q2) results reaffirmed the positive managed care setup for 2022. The Omicron variant of COVID-19 dissipated faster than expectations in February and produced lower acuity cases versus prior surges. Consequently, COVID-related costs have fallen more quickly than expected. At the

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same time, healthcare utilisation has been recovering only gradually, meaning that Elevance has had to pay for fewer healthcare procedures than they had baked into guidance. As a result, management has increased guidance for the full year and could do so again with second half (Q2) numbers due shortly. Palomar has outperformed a weak equity market by reporting solid quarterly results. Their last trading update showed continued strong momentum in terms of new premium growth. At the same time, they are continuing to enjoy strong pricing. Management has been actively targeting reducing volatility in quarterly reporting (via greater reinsurance coverage and changing business mix) and this appears to be restoring investor confidence in the underlying business.

Conversely, Masimo, HelloFresh, Accenture, Schneider Electric and Sony were among the detractors from performance. Shares in Masimo have been extremely weak in the first half the year, falling more than 50%. The de-rating of growth stocks started the weakness in January, but the selling intensified at the start of February when they announced the acquisition of Sound United for \$1 billion. Although management's ambitions in consumer healthcare and wearables were well known, the size of the transaction unnerved investors, particularly with consumer budgets under pressure from rising living costs. HelloFresh underperformed on fears over potential profit margin pressure at the business. Continued heavy technology investments and rising food price inflation will significantly slow profit growth and reduce cash generation for some time. Accenture has been caught up in the relatively aggressive style rotation seen year to date. Although demand for its digital transformation capabilities has remained extremely strong, investors have reduced the valuation multiple that they are willing to pay for this growth. Schneider Electric underperformed on concerns over the impact of a potential global recession on its business as consumers suffer from rising living costs and the US Federal Reserve (Fed) tightens liquidity. Lockdowns introduced in China to control the spread of COVID-19 and the war in Ukraine have also weighed on sentiment. Sony has seen some profit taking year to date after enjoying strong years in 2020 and 2021. Margins in the company's gaming division are being held back by short-term component supply chain bottle necks and growth could slow in the image sensing business if the smartphone market is hit by reduced consumer spending.

## **Market Review**

### ***Global equity markets took a hit in 1H22***

Global equity markets have endured a miserable start to 2022, as rising inflation and increasingly aggressive monetary tightening have damaged investor confidence in the global economy. June's losses added to those seen earlier in the year and took the overall decline in the MSCI ACWI to just over 20% during 1H22.

It is easy to comment with the benefit of hindsight, but the billions of additional liquidity introduced into the financial system during the early months of the COVID-19 pandemic now looks like a potential policy error, whose effects will be felt for some time to come. June's 75 basis points (bp) hike by the Fed (with the threat of more to come) was a clear indication of how central bank priorities have clearly shifted from the default of the last decade (encouraging higher prices of financial assets) to addressing the inflationary pressures that have emerged globally over the last 18 months.

As a result, investors are now recognising that demand suppression is the medicine of choice for central banks, desperate to restore their inflation fighting credibility. Fed chairman Powell and his colleagues know that they need to tighten now if they are to afford themselves any room for policy manoeuvre in the coming months and years as economic activity inevitably slows and uncomfortably high levels of leverage in the financial system are partially unwound. The Fed clearly hopes that a correction in financial asset prices is helpful in this regard if it cools some of the animal spirits (and rampant speculation) seen in recent times.

Given this rapid tightening of policy, particularly in the world's reserve currency and on a starting point of record levels of indebtedness, we are starting to discover the degree of resiliency in demand. With household budgets being constrained by higher expenditure on utilities and food (as a result

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of commodity inflation), there is increasing concern over a rapid slowdown in expenditure on other goods and services. The latest ISM manufacturing survey for June slowed from 56.1 to 53, and more importantly new orders fell below the widely watched 50 mark to 49.2. This would suggest inventory build and a consequent impact on profitability is the reality we are about to face.

The performance of sectors over the year to date overall have reflected these concerns, with more cyclical sectors such as information technology, consumer discretionary and communication services (particularly excluding more defensive telecom companies) leading the declines. During June it has also been notable that prior winners such as materials and energy have also experienced notable corrections, though energy has remained by far the strongest sector year to date.

With this increasing pessimism over the growth outlook, more defensive business models are being valued more highly from a relative perspective. utilities, healthcare and consumer staples outperformed during both June and the review period as a whole. The strongest performing parts of healthcare have been those with the lowest starting valuations (most notably large pharmaceuticals).

From a regional perspective we are seeing increasing divergence in how central banks address the inflation challenges that are washing on all shores. The US dollar has reached new decade highs as a result of higher rates whilst in Japan the ongoing suppression of market bond yields has resulted in notable Japanese Yen weakness, falling by about 10% over the quarter against the US dollar. Hence there is a marked difference between local currency and US dollar returns emerging for some geographies and whilst the divergence in policies between countries remains, currency volatility will likely be increasingly relevant for investor returns.

The other notable feature of recent market moves has been the rapid obliteration of prior returns in more fashionable investments. Crypto currencies such as Bitcoin have plummeted close to 60% over the quarter and non-fungible tokens (NFTs) have similarly experienced a vacuum in bids as players in these markets attempt to assess where intrinsic value may be. Greater Fools have become an endangered species and further capitulation from less sophisticated investors seems likely to us.

### **Market Outlook and Strategy**

#### ***Focus in seeking companies that can deliver enduring growth and profitability***

We have long observed that central banks have been undertaking a multi-year experiment with their endeavours in money creation via quantitative easing. What has now become clear is that the further round of liquidity creation resulting from COVID-19 has tested the experiment to the point of failure. More specifically, the cumulative imbalance between notable growth in financial assets and the limited growth in the availability of commodities, goods and infrastructure in the real economy has been exposed. When demand has rapidly returned post COVID-19, we have had to experience supply chains that are too lean, limited labour availability and energy shortages. The Russia-Ukraine war has just magnified some of these underlying issues.

Our belief is that we have moved into a new regime where inflation will be structurally higher despite the anchors of high debt burdens, ageing societies and ongoing technological disruption. Energy markets remain constrained, labour in short supply and fiscal policies remain vulnerable to the demands from voters to alleviate the pressure on real wages, particularly for lower income groups.

Whilst this appears a reasonable thesis to us, it is also fair to observe that this has probably become the general consensus in markets. In addition, rising risk-free rates and widening credit spreads are rapidly tightening financial liquidity. Hence, we may be close to the point where a peak in the current inflationary surge is clearly evident, and with weak signals from the real economy, the worst of the impact from the rising cost of capital may be behind us.

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However, the growth trajectory will remain challenging, particularly when central banks will be reluctant to return to further rounds of monetary extravagance, even when evidence emerges of business layoffs and an overdue correction in frothy residential property markets. The focus for equity investors will therefore likely shift from the price paid for profits to the confidence that the expected profits are being delivered. Indeed, the pending profit reporting season will likely be a volatile one.

As focused stock pickers, the future profitability of companies is always a priority for us. Overall economies are clearly slowing rapidly, something that most companies will be impacted by. Our belief however is that the prior excesses of real economic activity will be in those parts of the economy that have benefitted most from the prior period of extraordinarily low cost of money. COVID-19 related demand beneficiaries are an obvious example. What is less appreciated may be the degree that the financing of new start-ups in the public and private markets, particularly in technology and disruptive business models, has elevated as the revenue of the enablers of these firms. If we assume capital raising just reverts back to historical norms, revenue declines could be significant for some of the titans in this area.

The advantage of being active stock pickers is that we are not slaves to the market weighting of prior winners with potentially bloated levels of profitability and instead can focus on companies more likely to experience positive surprises in revenue and profitability in the coming years. Required future investment in energy transition is one common theme behind several of our more recent stock picks. The current energy crisis has highlighted the clear need for economies to sustain existing fossil fuel production for supply risk reasons, improve energy efficiency and investing more in the fossil fuel alternatives such as renewables and hydrogen. There are a number of companies that are key enablers of this required investment and are able to deliver the superior level of future returns on invested capital that we seek.

Beyond energy transition, the focus is more about seeking companies that can indeed deliver enduring growth and profitability. As highlighted earlier, profit shares are under pressure from rising raw material costs, labour inflation, rising utility costs and finally rising interest costs. Passing on these costs to customers whilst also maintaining volumes will be a key question asked by investors in the coming reporting season. Many consumer-facing businesses now have demand challenges, even before price hikes are being considered and hence are vulnerable to margin pressures, particularly if inventory overhang is evident. Healthcare companies on the other hand typically have less cyclical demand and in many cases have been indiscriminately derated in the reappraisal of higher growth companies over the last 12 months. We keep finding more Future Quality picks here where the confidence in growth is higher versus sectors such as communication services and information technology.

In summary, we are encouraged by the shift in investors back to investing capital with realistic expectations of future compounding rather than just deploying into the fashionable 'pipe dreams' of the day. Whilst we caution against any expectation of a return to the giddy valuation levels experienced during the COVID-19 period, it is encouraging that valuation levels are now more in line with historical norms. The next test however will be the shape of future profitability, as the increasing volatility of central bank policies dampens both company and household spending. Our consistent focus on enduring high returns franchises with strong management teams, robust balance sheets and credible starting valuations, will hopefully help us find a path through these current profitability challenges well above average levels of sales and profit growth.



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### **For Hong Kong Investors**

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

Nikko Asset Management Asia Limited. Registration Number 198202562H

**NIKKO AM SHENTON GLOBAL OPPORTUNITIES FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial period from 01 January 2022 to 30 June 2022 (unaudited)*

	<b>30 June 2022</b>	30 June 2021
	US\$	US\$
<b>Income</b>		
Dividends	<b>915,084</b>	904,891
Interest on cash and cash equivalents	<b>1,835</b>	-
Other Income	<b>267</b>	-
	<b>917,186</b>	904,891
<b>Less: Expenses</b>		
Management fee	<b>1,056,505</b>	994,120
Registrar fee	<b>16,460</b>	14,032
Trustee fee	<b>83,360</b>	80,186
Custody fee	<b>12,953</b>	10,104
Audit fee	<b>5,510</b>	4,614
Valuation fee	<b>37,512</b>	36,084
Transaction costs	<b>112,364</b>	146,975
Other expenses	<b>11,728</b>	48,881
	<b>1,336,392</b>	1,334,996
<b>Net losses</b>	<b>(419,206)</b>	(430,105)
<b>Net gains or losses on value of investments</b>		
Net (losses)/gains on investments	<b>(41,934,633)</b>	13,905,824
Net foreign exchange losses	<b>(83,062)</b>	(153,252)
	<b>(42,017,695)</b>	13,752,572
<b>Total (deficit)/return for the financial period before income tax</b>	<b>(42,436,901)</b>	13,322,467
<b>Less: Income tax</b>	<b>(270,165)</b>	(211,405)
<b>Total (deficit)/return for the financial period after income tax</b>	<b>(42,707,066)</b>	13,111,062

**NIKKO AM SHENTON GLOBAL OPPORTUNITIES FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF FINANCIAL POSITION***As at 30 June 2022 (unaudited)*

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	<b>30 June 2022</b>	31 December 2021
	<b>US\$</b>	US\$
<b>ASSETS</b>		
Portfolio of investments	<b>123,428,620</b>	243,315,659
Receivables	<b>426,599</b>	1,219,682
Cash and cash equivalents	<b>2,022,585</b>	8,433,460
<b>Total assets</b>	<b>125,877,804</b>	252,968,801
<b>LIABILITIES</b>		
Payables	<b>1,897,009</b>	1,139,279
Purchases awaiting settlement	<b>351,356</b>	5,144,768
<b>Total liabilities</b>	<b>2,248,365</b>	6,284,047
<b>EQUITY</b>		
Net assets attributable to unitholders	<b>123,629,439</b>	246,684,754

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

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	<b>30 June 2022</b>	31 December 2021
	<b>US\$</b>	US\$
<b>Net assets attributable to unitholders at the beginning of the financial period/year</b>	<b>246,684,754</b>	128,012,343
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	<b>(42,707,066)</b>	23,602,941
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	<b>23,919,126</b>	165,980,986
Cancellation of units	<b>(104,267,375)</b>	(70,911,516)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	<b>(80,348,249)</b>	95,069,470
Total (decrease)/increase in net assets attributable to unitholders	<b>(123,055,315)</b>	118,672,411
<b>Net assets attributable to unitholders at the end of the financial period/year</b>	<b>123,629,439</b>	246,684,754

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

	Holdings at 30 June 2022	Fair value at 30 June 2022 US\$	Percentage of total net assets attributable to unitholders at 30 June 2022 %
<b>Quoted Equities</b>			
<b>AUSTRALIA</b>			
Worley Limited	349,862	3,425,835	2.77
<b>Total AUSTRALIA</b>		<b>3,425,835</b>	<b>2.77</b>
<b>BRITAIN</b>			
Compass Group Public Listed Company	216,074	4,408,726	3.57
Diageo Public Listed Company	62,023	2,659,440	2.15
Linde Public Listed Company	10,894	3,134,313	2.53
LivaNova Public Listed Company	41,127	2,569,204	2.08
<b>Total BRITAIN</b>		<b>12,771,683</b>	<b>10.33</b>
<b>FRANCE</b>			
Schneider Electric SE	16,740	1,975,844	1.60
<b>Total FRANCE</b>		<b>1,975,844</b>	<b>1.60</b>
<b>HONG KONG SAR</b>			
AIA Group Limited	259,600	2,813,700	2.28
<b>Total HONG KONG SAR</b>		<b>2,813,700</b>	<b>2.28</b>
<b>INDIA</b>			
Housing Development Finance Corporation Limited	118,141	3,220,613	2.61
<b>Total INDIA</b>		<b>3,220,613</b>	<b>2.61</b>
<b>IRELAND</b>			
Accenture Public Listed Company	10,568	2,934,205	2.37
Kerry Group Public Listed Company	30,224	2,886,132	2.34
<b>Total IRELAND</b>		<b>5,820,337</b>	<b>4.71</b>
<b>ISRAEL</b>			
SolarEdge Technologies Incorporated	7,522	2,058,621	1.67
<b>Total ISRAEL</b>		<b>2,058,621</b>	<b>1.67</b>
<b>JAPAN</b>			
Sony Group Corporation	41,500	3,389,219	2.74
<b>Total JAPAN</b>		<b>3,389,219</b>	<b>2.74</b>
<b>NETHERLANDS</b>			
Koninklijke Philips NV	62,221	1,337,081	1.08
<b>Total NETHERLANDS</b>		<b>1,337,081</b>	<b>1.08</b>
<b>SPAIN</b>			
Amadeus IT Group SA	42,214	2,346,090	1.90
<b>Total SPAIN</b>		<b>2,346,090</b>	<b>1.90</b>
<b>SWEDEN</b>			
Hexagon AB	261,057	2,702,943	2.19
<b>Total SWEDEN</b>		<b>2,702,943</b>	<b>2.19</b>
<b>TAIWAN</b>			
Taiwan Semiconductor Manufacturing Company Limited	220,000	3,521,952	2.85
<b>Total TAIWAN</b>		<b>3,521,952</b>	<b>2.85</b>

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

	Holdings at 30 June 2022	Fair value at 30 June 2022 US\$	Percentage of total net assets attributable to unitholders at 30 June 2022 %
<b>Quoted Equities (continued)</b>			
<b>UNITED STATES OF AMERICA</b>			
Abbott Laboratories	27,699	3,011,712	2.44
AdaptHealth Corporation	176,467	3,183,465	2.57
Adobe Incorporated	6,581	2,409,502	1.95
Bio-Techne Corporation	6,162	2,136,304	1.73
Booking Holdings Incorporated	1,469	2,569,266	2.08
Box Incorporated	79,026	1,986,714	1.60
Burford Capital Limited	102,504	1,002,162	0.81
Carlisle Companies Incorporated	13,277	3,168,025	2.56
Coca-Cola Company	66,149	4,163,418	3.37
Danaher Corporation	15,677	3,975,530	3.22
Deere & Company	9,185	2,750,632	2.22
Elevance Health Incorporated	6,370	3,074,098	2.49
Emerson Electric Company	32,783	2,607,560	2.11
Encompass Health Corporation	64,568	3,619,682	2.93
Intercontinental Exchange Incorporated	28,847	2,713,637	2.19
Jacobs Engineering Group Incorporated	19,640	2,496,833	2.02
KBR Incorporated	66,093	3,202,867	2.59
LHC Group Incorporated	9,648	1,502,580	1.21
Masimo Corporation	11,440	1,494,865	1.21
Microsoft Corporation	30,569	7,851,953	6.35
O'Reilly Automotive Incorporated	4,083	2,579,476	2.08
Palomar Holdings Incorporated	49,458	3,185,095	2.57
Progressive Corporation	30,798	3,582,731	2.90
SVB Financial Group	4,868	1,924,028	1.56
Tractor Supply Company	13,776	2,670,478	2.16
TransUnion	28,760	2,300,512	1.86
<b>Total UNITED STATES OF AMERICA</b>		<b>75,163,125</b>	<b>60.78</b>
<b>Total Quoted Equities</b>		<b>120,547,043</b>	<b>97.51</b>
<b>Quoted Real Estate Investment Trusts</b>			
<b>UNITED STATES OF AMERICA</b>			
American Tower Corporation	11,261	2,881,577	2.33
<b>Total UNITED STATES OF AMERICA</b>		<b>2,881,577</b>	<b>2.33</b>
<b>Total Quoted Real Estate Investment Trusts</b>		<b>2,881,577</b>	<b>2.33</b>
<b>Portfolio of investments</b>		<b>123,428,620</b>	<b>99.84</b>
<b>Other net assets</b>		<b>200,819</b>	<b>0.16</b>
<b>Net assets attributable to unitholders</b>		<b>123,629,439</b>	<b>100.00</b>

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

	<b>Percentage of total net assets attributable to unitholders at 30 June 2022 %</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2021 %</b>
<b>Quoted Equities</b>		
Australia	2.77	-
Britain	10.33	5.29
China	-	1.52
France	1.60	2.40
Germany	-	1.61
Hong Kong SAR	2.28	1.64
India	2.61	2.75
Ireland	4.71	7.74
Israel	1.67	1.13
Japan	2.74	3.19
Netherlands	1.08	1.45
Spain	1.90	-
Sweden	2.19	1.49
Taiwan	2.85	3.19
United States of America	60.78	63.17
<b>Total Quoted Equities</b>	<b>97.51</b>	<b>96.57</b>
<b>Quoted Real Estate Investment Trusts</b>		
United States of America	2.33	2.06
<b>Total Quoted Real Estate Investment Trusts</b>	<b>2.33</b>	<b>2.06</b>
<b>Portfolio of investments</b>	<b>99.84</b>	<b>98.63</b>
<b>Other net assets</b>	<b>0.16</b>	<b>1.37</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

**NIKKO AM SHENTON GLOBAL OPPORTUNITIES FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2022 (unaudited)***By Industry (Secondary)**

	Fair value at 30 June 2022 US\$	Percentage of total net assets attributable to unitholders at 30 June 2022 %	Percentage of total net assets attributable to unitholders at 31 December 2021 %
Banks	1,924,028	1.56	2.07
Beverages	6,822,858	5.52	2.66
Building Materials	-	-	1.45
Chemicals	3,134,313	2.54	-
Commercial Services	8,072,437	6.53	4.12
Computers	6,137,072	4.96	4.38
Distribution/Wholesale	-	-	2.51
Diversified Financial Services	6,936,412	5.61	5.43
Electrical Component & Equipment	4,583,404	3.71	5.22
Energy-Alternate Sources	2,058,621	1.67	1.12
Engineering and Construction	2,496,833	2.02	-
Food	2,886,132	2.33	3.52
Food Service	4,408,726	3.57	3.03
Healthcare-Products	14,524,696	11.75	12.69
Healthcare-Services	8,196,360	6.63	6.46
Home Furnishings	3,389,219	2.74	5.26
Insurance	9,581,526	7.74	6.48
Internet	2,569,266	2.08	5.17
Machinery-Diversified	5,453,575	4.41	3.69
Miscellaneous Manufacture	3,168,025	2.56	3.78
Pharmaceuticals	3,183,465	2.58	1.53
Real Estate Investment Trusts (REITS)	2,881,577	2.33	2.06
Retail	5,249,954	4.25	2.68
Semiconductors	3,521,952	2.85	3.19
Software	12,248,169	9.90	10.13
<b>Portfolio of investments</b>	<b>123,428,620</b>	<b>99.84</b>	<b>98.63</b>
<b>Other net assets</b>	<b>200,819</b>	<b>0.16</b>	<b>1.37</b>
<b>Net assets attributable to unitholders</b>	<b>123,629,439</b>	<b>100.00</b>	<b>100.00</b>



## NIKKO AM SHENTON GLOBAL OPPORTUNITIES FUND

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

### REPORT TO UNITHOLDERS

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

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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 11 to 14.

#### 2. Credit rating of debt securities

Nil.

#### 3. Top 10 holdings

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

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Microsoft Corporation	7,851,953	6.35
Compass Group Public Listed Company	4,408,726	3.57
Coca-Cola Company	4,163,418	3.37
Danaher Corporation	3,975,530	3.22
Encompass Health Corporation	3,619,682	2.93
Progressive Corporation	3,582,731	2.90
Taiwan Semiconductor Manufacturing Company Limited	3,521,952	2.85
Worley Limited	3,425,835	2.77
Sony Group Corporation	3,389,219	2.74
Housing Development Finance Corporation Limited	3,220,613	2.61

##### 10 Largest holdings at 30 June 2021

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Microsoft Corporation	11,015,336	6.01
Amazon.com Incorporated	7,361,942	4.02
Adobe Incorporated	6,322,569	3.45
Accenture Public Listed Company	6,084,967	3.32
Compass Group Public Listed Company	5,569,354	3.04
HelloFresh SE	5,402,231	2.95
Carlisle Companies Incorporated	5,297,968	2.89
Progressive Corporation	5,284,287	2.88
Abbott Laboratories	5,281,331	2.88
Sony Group Corporation	5,281,313	2.88

#### 4. Exposure to financial derivatives

Nil.

#### 5. Global exposure to financial derivatives

Nil.

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## NIKKO AM SHENTON GLOBAL OPPORTUNITIES FUND

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

### REPORT TO UNITHOLDERS

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

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#### 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 11 to 14.

#### 9. Borrowings

Nil.

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

	US\$
Units created	23,919,126
Units cancelled	(104,267,375)

#### 11. Turnover ratio

		30 June 2022	30 June 2021
Lower of total value of purchases or sales	US\$	43,244,484	40,308,276
Average daily net asset value	US\$	169,916,505	160,648,230
<b>Total turnover ratio<sup>1</sup></b>	%	<b>25.45</b>	<b>25.09</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 2022	30 June 2021
<b><u>SGD Class</u></b>			
Total operating expenses	US\$	1,919,987	1,025,881
Average daily net asset value	US\$	131,132,355	68,730,116
<b>Total expense ratio<sup>2</sup></b>	%	<b>1.46</b>	<b>1.49</b>
<b><u>USD Class</u></b>			
Total operating expenses	US\$	810,487	894,060
Average daily net asset value	US\$	55,144,252	59,872,464
<b>Total expense ratio<sup>2</sup></b>	%	<b>1.47</b>	<b>1.49</b>

## NIKKO AM SHENTON GLOBAL OPPORTUNITIES FUND

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

### REPORT TO UNITHOLDERS

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

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#### 12. Expense ratio (continued)

<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.

#### 13. Related party transactions

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

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

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

	<b>30 June 2022 US\$</b>	31 December 2021 US\$
Bank balances held with related party of the Trustee	<u><b>2,022,585</b></u>	<u>8,433,460</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.

The Sub-Managers of the Fund, Nikko Asset Management Europe Ltd., do not receive or intend to receive any soft dollars commissions, or enter into soft dollars arrangements, in respect of the Fund. Nikko Asset Management Americas, Inc. also does not receive or intend to receive soft dollars in respect of the global equities trading that it carries out for the Fund.

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