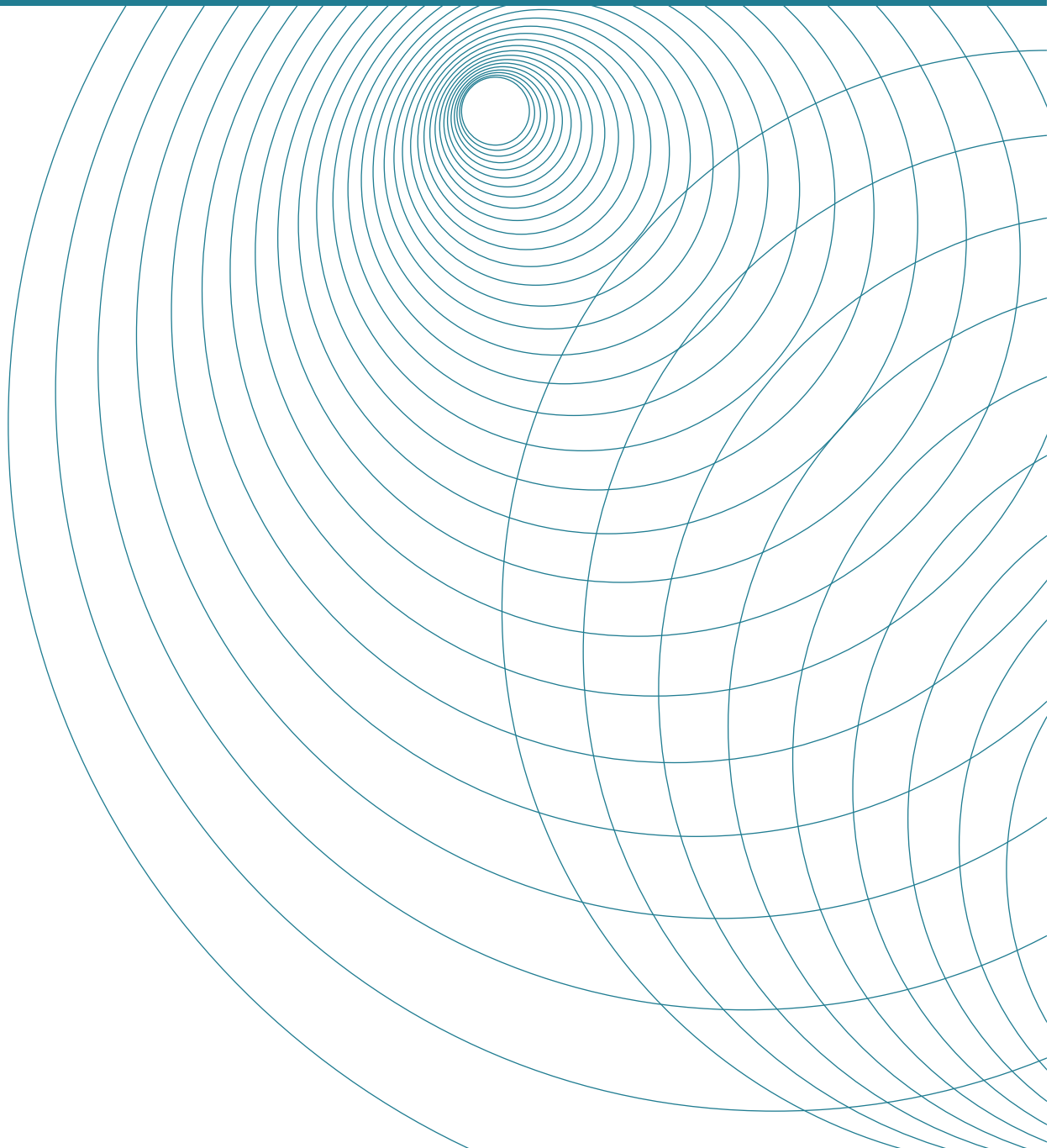


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**SEMI-ANNUAL REPORT**  
**Nikko AM Shenton Japan Fund**

**Financial period ending 30 June 2023**

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**MANAGERS**

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

**DIRECTORS OF THE MANAGERS**

Kiyotaka Ryu  
Seet Oon Hui Eleanor

**TRUSTEE & REGISTRAR**

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Singapore 049319

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

## PERFORMANCE SUMMARY

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<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Shenton Japan Fund - SGD Class <sup>1</sup>	7.54	11.59	11.75	8.62	3.98	6.09	2.32
Benchmark <sup>2</sup>	7.24	12.78	14.41	4.16	2.19	5.28	-0.21

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

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Shenton Japan Fund - SGD Class <sup>1</sup>	2.16	6.01	6.16	6.77	2.92	5.55	2.17
Benchmark <sup>2</sup>	7.24	12.78	14.41	4.16	2.19	5.28	-0.21

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

### Inception date: 31 December 1986

#### Note:

- (1) With effect from 17 October 2011, the Fund (formerly known as "DBS Japan Growth Fund") has been renamed as Nikko AM Shenton Japan Fund.

The following changes were made to the Fund with effect from 7 July 2014 (the "Effective Date"):

- the sub-manager of the Fund was changed from Daiwa SB Investments Ltd to Nikko Asset Management Co., Ltd.;
- the base currency of the Fund was changed from the Singapore dollar ("SGD") to Japanese yen ("JPY"); and
- classes of units (each a "Class" and collectively the "Classes") were established within the Fund. In this connection, the existing units in the Fund were re-designated into a SGD Class and three new Classes were established within the Fund, namely a SGD hedged Class, a United States dollar ("USD") Class and a USD hedged Class. For the avoidance of any doubt, please note that the currency exposure of the assets of the Fund that attributable to the SGD Class on and after the Effective Date will continue not to be hedged. Further, please note that while the SGD hedged Class, USD Class and USD hedged Class were established on the Effective Date, such Classes will only be launched at such date(s) as may be determined by the Managers.

- (2) Prior to 1 May 2017, the performance returns of the benchmark was calculated using price index methodology. With effect from 1 May 2017, it is calculated using net total return index methodology. With effect from 1 June 2004, the benchmark was changed from Nikkei 225 Stock Average to TOPIX Index.

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## **Portfolio Review**

### ***Fund returned 11.59% during the period under review***

The Nikko AM Shenton Japan Fund (the “Fund”) returned 11.59% (in SGD terms, on a NAV-NAV basis) over the six months ended 30 June 2023, underperforming the benchmark by 1.19% in SGD terms. This was due primarily to the unfavourable environment for value stocks in March stemming from uncertainty surrounding the financial system in the US and Europe leading to risk-off sentiment, as well as in May when investors flocked to large-cap growth names. However, we think this will be a temporary swing, and we continue to believe that the value strategy remains a relatively attractive means of investing in Japanese equities. During the period, we maintained the portfolio fully invested with the Fund’s equity weighting in the 97-99% range. As of the end of June, the Fund consisted of 87 names.

Stocks that made positive contributions during the period included: sports apparel maker Asics which rose on strong earnings momentum as the firm appears on track to record historically high profits, semiconductor package manufacturer Ibiden which rose following the announcement of its new medium-term business plan which included earnings growth targets that exceeded market expectations, electronic appliances manufacturer Panasonic which rose due in part to investors’ increasing focus on the firm’s efforts to shift away from being a general household appliances manufacturer, electronic component maker Rohm which rose on the announcement of a large-scale capex plan which is expected to lead to profit growth, and major trading company Mitsui & Co. which rose on expectations for earnings growth on the back of the weak yen.

In contrast, stocks that contributed negatively during the period included: outdoor apparel and gear maker Snow Peak which declined on weak short-term earnings after a fall off in pandemic-era demand, nonferrous metals smelter Sumitomo Metal Mining which declined after downgrading its FY2023 earnings guidance owing to falling prices of metals including nickel and copper, and electronic component maker Nissha which also fell after downgrading its earnings guidance. Our nil holdings of semiconductor-related names Tokyo Electron and Renesas Electronics also detracted from performance on a relative basis given their strong performance during the period.

## **Market Review**

The Japanese equity market was solid overall in the January-June period, supported by signals that the Bank of Japan would maintain its current monetary easing policy, the continued weak yen which boosted the earnings of exporters, inflows from overseas investors and strong macroeconomic indicators out of the US. These positive factors were able to offset concerns regarding continued inflation and prolonged rate hikes in the US, in addition to anxieties arising from disruption in the global financial system in March. Over the period, the TOPIX (including dividends) rose 22.69%

## **Market Outlook**

Equity markets around the world continue to see gains on the back of expectations for strong global economic growth and rising anticipation for a Goldilocks scenario focused on reduced inflation and robust growth. We think a correction is likely in the near term due to how sudden and sharp stocks climbed, but we believe that share prices will continue to trend upward in the medium term. Our view remains unchanged that Western central banks will maintain monetary tightening for the time being due to stubborn inflation. While we cannot deny the possibility of another financial shock in the future, we nevertheless believe undervalued Japanese equities would be unlikely to undergo significant correction in such a scenario.

In Japan, a major shift is taking place as the economy appears to be exiting a long period of deflation. Although this stems from cost-push inflation triggered by factors such as rising energy prices and the

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weak yen, we think demand-pull inflationary trends will increase, boosted by the sustainable wage hikes, which will lead to moderate inflation going forward.

In Japan's spring negotiations between corporate management and labour unions, the average wage hike turned out to be in the 3.5–4% range, a 30-year high. After rising in recent years, the labour force participation rates of women and post-retirement age workers are starting to level off. Companies will need to hike wages in order to avoid worker shortages and attract the best talent. This trend is expected to continue going forward and expand to encompass non-salaried employees (contractors and part-time workers) and small and medium-sized enterprises.

We continue to believe that the value strategy remains a relatively attractive means of investing in Japanese equities. Although the environment may continue to be favourable to growth stocks from March onward, we think this will be a temporary swing. One reason for this is that inflation remains persistently high, and it seems unlikely that real interest rates could move downward sharply or continually in the near term.

The Tokyo Stock Exchange plans to introduce a new recommendation for listed companies whose stocks are trading below their book values to disclose on at least an annual basis their strategy for improving enterprise value. Listed companies have taken note, and we are already starting to see a movement to enhance shareholder returns and proactively implement structural reforms. We think investors will pay even closer attention to such changes to corporate management going forward.

### **Portfolio Strategy**

Based on the following criteria, we will continue to invest in stocks of companies that appear undervalued from a profitability standpoint following changes in their earnings and that are viewed positively thanks to their high dividend yields and solid financial structures.

1. Investing in undervalued companies with a great deal of potential for revaluation based on products, technologies and know-how they deploy both in Japan and overseas.
2. Investing in undervalued companies with a great deal of potential for revaluation due to their strong business organisations which are unmatched by rivals.
3. Investing in undervalued companies which have room to be re-evaluated by the market as they are close to completing sweeping structural reforms.

Given the highly volatile market environment, the risk factors we need to pay attention to may change. However, those we are currently keeping in mind as we manage the portfolio are as follows:

1. Expansion of geopolitical risk stemming from the conflict in Ukraine and Iran or other events
2. Resurgence of inflation concerns due to stubbornly high service prices
3. Changes in monetary policy
4. China's response to its structural issues
5. Developments in the US-China struggle for supremacy
6. Uneven pace of recovery between countries from COVID-19
7. The direction of emerging market economies

The indices including TOPIX (Tokyo Stock Price Index), calculated and published by JPX Market Innovation & Research, Inc. (hereinafter referred to as "TOPIX") Value and the TOPIX Marks are subject to the proprietary rights owned by JPX Market Innovation & Research, Inc. or affiliates of JPX Market Innovation & Research, Inc. (hereinafter collectively referred to as "JPX") and JPX owns all rights and know-how relating to TOPIX such as calculation, publication and use of the TOPIX Index Value and relating to the TOPIX Marks. JPX shall not be liable for the miscalculation, incorrect publication, delayed or interrupted publication of the TOPIX Index Value.

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

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

### **For Hong Kong Investors**

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

Nikko Asset Management Asia Limited. Registration Number 198202562H

**NIKKO AM SHENTON JAPAN 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)*

	30 June 2023 JPY'000	30 June 2022 JPY'000
<b>Income</b>		
Dividends	94,884	96,706
Interest on cash and cash equivalents	1,484	57
	<u>96,368</u>	<u>96,763</u>
<b>Less: Expenses</b>		
Management fee	30,290	29,627
Transfer agent fee	1,212	1,021
Custody fee	369	284
Audit fee	847	782
Valuation fee	612	609
Transaction costs	2,868	3,659
Other expenses	2,222	(8)
	<u>38,420</u>	<u>35,974</u>
<b>Net income</b>	<u>57,948</u>	<u>60,789</u>
<b>Net gains or losses on value of investments and financial derivatives</b>		
Net gains/(losses) on investments	1,145,430	(77,777)
Net foreign exchange gains	10,056	14,277
Net (losses)/gains on financial derivatives	(456)	-
	<u>1,155,030</u>	<u>(63,500)</u>
<b>Total return/(deficit) for the financial period before income tax</b>	<u>1,212,978</u>	<u>(2,711)</u>
<b>Less: Income tax</b>	<u>(14,531)</u>	<u>(14,810)</u>
<b>Total return/(deficit) for the financial period after income tax</b>	<u>1,198,447</u>	<u>(17,521)</u>



**NIKKO AM SHENTON JAPAN 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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	<b>30 June 2023</b>	31 December 2022
	<b>JPY'000</b>	JPY'000
<b>ASSETS</b>		
Portfolio of investments	<b>6,630,153</b>	5,590,027
Sales awaiting settlement	<b>10,825</b>	9,337
Receivables	<b>49,523</b>	17,807
Cash and cash equivalents	<b>301,624</b>	177,363
Financial derivatives at fair value	<b>55</b>	-
<b>Total assets</b>	<b>6,992,180</b>	5,794,534
<b>LIABILITIES</b>		
Payables	<b>27,383</b>	19,868
Purchases awaiting settlement	<b>36,266</b>	29,649
Financial derivatives at fair value	<b>-</b>	-
<b>Total liabilities</b>	<b>63,649</b>	49,517
<b>EQUITY</b>		
Net assets attributable to unitholders	<b>6,928,531</b>	5,745,017

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**NIKKO AM SHENTON JAPAN 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)

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	<b>30 June 2023</b>	31 December 2022
	<b>JPY'000</b>	JPY'000
<b>Net assets attributable to unitholders at the beginning of the financial period/year</b>	<b>5,745,017</b>	5,870,691
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	<b>1,198,447</b>	43,813
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	<b>488,896</b>	1,855,353
Cancellation of units	<b>(503,829)</b>	(2,024,840)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	<b>(14,933)</b>	(169,487)
Total increase/(decrease) in net assets attributable to unitholders	<b>1,183,514</b>	(125,674)
<b>Net assets attributable to unitholders at the end of the financial period/year</b>	<b>6,928,531</b>	5,745,017

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

By Industry (Primary)	Holdings at 30 June 2023	Fair value at 30 June 2023 JPY'000	Percentage of total net assets attributable to unitholders at 30 June 2023 %
<b>Quoted Equities</b>			
<b>AEROSPACE/DEFENSE</b>			
Kawasaki Heavy Industries Limited	37,000	135,938	1.96
<b>Total AEROSPACE/DEFENSE</b>		<b>135,938</b>	<b>1.96</b>
<b>APPAREL</b>			
ASICS Corporation	27,500	121,578	1.75
<b>Total APPAREL</b>		<b>121,578</b>	<b>1.75</b>
<b>AUTO MANUFACTURERS</b>			
Honda Motor Company Limited	14,500	62,945	0.91
Isuzu Motors Limited	54,000	93,960	1.36
Mazda Motor Corporation	59,500	82,913	1.20
Toyota Motor Corporation	116,000	267,786	3.86
<b>Total AUTO MANUFACTURERS</b>		<b>507,604</b>	<b>7.33</b>
<b>AUTO PARTS &amp; EQUIPMENT</b>			
Denso Corporation	9,500	91,628	1.32
Musashi Seimitsu Industry Company Limited	21,000	37,023	0.53
Stanley Electric Company Limited	24,500	71,075	1.03
<b>Total AUTO PARTS &amp; EQUIPMENT</b>		<b>199,726</b>	<b>2.88</b>
<b>BANKS</b>			
Fukuoka Financial Group Incorporated	11,000	32,703	0.47
Mitsubishi UFJ Financial Group Incorporated	218,000	232,170	3.35
Mizuho Financial Group Incorporated	44,000	96,756	1.40
Resona Holdings Incorporated	85,000	58,676	0.85
Sumitomo Mitsui Financial Group Incorporated	28,500	175,532	2.53
<b>Total BANKS</b>		<b>595,837</b>	<b>8.60</b>
<b>BUILDING MATERIALS</b>			
Asia Pile Holdings Corporation	56,000	34,440	0.50
<b>Total BUILDING MATERIALS</b>		<b>34,440</b>	<b>0.50</b>
<b>CHEMICALS</b>			
KH Neochem Company Limited	10,000	23,400	0.34
Mitsubishi Gas Chemical Company Incorporated	30,500	63,760	0.92
Mitsui Chemicals Incorporated	20,000	84,580	1.22
Nitto Denko Corporation	9,000	95,670	1.38
<b>Total CHEMICALS</b>		<b>267,410</b>	<b>3.86</b>
<b>COMMERCIAL SERVICES</b>			
Nomura Company Limited	17,500	17,238	0.25
<b>Total COMMERCIAL SERVICES</b>		<b>17,238</b>	<b>0.25</b>
<b>COMPUTERS</b>			
Fujitsu Limited	3,700	68,802	0.99
Itochu Techno-Solutions Corporation	8,500	30,906	0.45
<b>Total COMPUTERS</b>		<b>99,708</b>	<b>1.44</b>

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

	Holdings at 30 June 2023	Fair value at 30 June 2023 JPY'000	Percentage of total net assets attributable to unitholders at 30 June 2023 %
<b>Quoted Equities (continued)</b>			
<b>DISTRIBUTION/WHOLESALE</b>			
Mitsubishi Corporation	17,500	121,275	1.75
Mitsui & Company Limited	33,000	178,563	2.58
Trusco Nakayama Corporation	13,500	30,699	0.44
<b>Total DISTRIBUTION/WHOLESALE</b>		<b>330,537</b>	<b>4.77</b>
<b>DIVERSIFIED FINANCIAL SERVICES</b>			
Nomura Holdings Incorporated	126,000	68,947	0.99
SBI Holdings Incorporated	20,000	55,370	0.80
<b>Total DIVERSIFIED FINANCIAL SERVICES</b>		<b>124,317</b>	<b>1.79</b>
<b>ELECTRIC</b>			
Chubu Electric Power Company Incorporated	52,500	92,243	1.33
<b>Total ELECTRIC</b>		<b>92,243</b>	<b>1.33</b>
<b>ELECTRICAL COMPONENT &amp; EQUIPMENT</b>			
SWCC Corporation	16,000	30,560	0.44
<b>Total ELECTRICAL COMPONENT &amp; EQUIPMENT</b>		<b>30,560</b>	<b>0.44</b>
<b>ELECTRONICS</b>			
Anritsu Corporation	27,000	33,116	0.48
Ibiden Company Limited	10,500	85,050	1.23
Japan Aviation Electronics Industry Limited	19,000	57,000	0.82
Nippon Electric Glass Company Limited	14,500	36,692	0.53
Nissha Company Limited	34,000	57,052	0.82
TDK Corporation	13,000	72,371	1.05
Wacom Company Limited	33,000	19,404	0.28
<b>Total ELECTRONICS</b>		<b>360,685</b>	<b>5.21</b>
<b>ENGINEERING AND CONSTRUCTION</b>			
JGC Holdings Corporation	44,500	82,993	1.20
Kumagai Gumi Company Limited	19,000	58,520	0.85
Penta-Ocean Construction Company Limited	116,000	89,564	1.29
Yokogawa Bridge Holdings Corporation	14,000	35,350	0.51
<b>Total ENGINEERING AND CONSTRUCTION</b>		<b>266,427</b>	<b>3.85</b>
<b>FOOD</b>			
Morinaga & Company Limited	18,000	81,090	1.17
Nissui Corporation	122,000	78,824	1.14
San-A Company Limited	13,000	59,150	0.85
<b>Total FOOD</b>		<b>219,064</b>	<b>3.16</b>
<b>HAND/MACHINE TOOLS</b>			
DMG Mori Company Limited	20,000	49,760	0.72
<b>Total HAND/MACHINE TOOLS</b>		<b>49,760</b>	<b>0.72</b>
<b>HEALTHCARE-PRODUCTS</b>			
Fujifilm Holdings Corporation	14,500	123,845	1.79
<b>Total HEALTHCARE-PRODUCTS</b>		<b>123,845</b>	<b>1.79</b>

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

	Holdings at 30 June 2023	Fair value at 30 June 2023 JPY'000	Percentage of total net assets attributable to unitholders at 30 June 2023 %
<b>Quoted Equities (continued)</b>			
<b>HOME BUILDERS</b>			
Sekisui Chemical Company Limited	25,500	52,836	0.76
Sumitomo Forestry Company Limited	26,500	92,300	1.33
<b>Total HOME BUILDERS</b>		<b>145,136</b>	<b>2.09</b>
<b>HOME FURNISHINGS</b>			
Maxell Limited	19,500	31,181	0.45
Panasonic Holdings Corporation	75,000	131,513	1.90
Sony Group Corporation	24,500	317,643	4.58
<b>Total HOME FURNISHINGS</b>		<b>480,337</b>	<b>6.93</b>
<b>INTERNET</b>			
Z Holdings Corporation	90,000	31,176	0.45
<b>Total INTERNET</b>		<b>31,176</b>	<b>0.45</b>
<b>IRON/STEEL</b>			
Japan Steel Works Limited	19,000	58,444	0.84
<b>Total IRON/STEEL</b>		<b>58,444</b>	<b>0.84</b>
<b>LEISURE TIME</b>			
Globeride Incorporated	14,000	31,612	0.46
<b>Total LEISURE TIME</b>		<b>31,612</b>	<b>0.46</b>
<b>MACHINERY-CONSTRUCTION &amp; MINING</b>			
Hitachi Limited	25,000	222,400	3.21
Mitsubishi Heavy Industries Limited	8,000	53,688	0.77
<b>Total MACHINERY-CONSTRUCTION &amp; MINING</b>		<b>276,088</b>	<b>3.98</b>
<b>MACHINERY-DIVERSIFIED</b>			
Ebara Corporation	10,000	68,630	0.99
Kubota Corporation	38,000	79,762	1.15
Nabtesco Corporation	8,500	26,852	0.39
Sumitomo Heavy Industries Limited	8,000	27,504	0.40
<b>Total MACHINERY-DIVERSIFIED</b>		<b>202,748</b>	<b>2.93</b>
<b>MEDIA</b>			
Sky Perfect JSAT Holdings Incorporated	91,000	51,961	0.75
<b>Total MEDIA</b>		<b>51,961</b>	<b>0.75</b>
<b>METAL FABRICATE/HARDWARE</b>			
Ryobi Limited	19,000	38,817	0.56
<b>Total METAL FABRICATE/HARDWARE</b>		<b>38,817</b>	<b>0.56</b>
<b>MINING</b>			
Dowa Holdings Company Limited	7,000	31,822	0.46
Sumitomo Metal Mining Company Limited	24,500	113,460	1.64
<b>Total MINING</b>		<b>145,282</b>	<b>2.10</b>

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

	Holdings at 30 June 2023	Fair value at 30 June 2023 JPY'000	Percentage of total net assets attributable to unitholders at 30 June 2023 %
<b>Quoted Equities (continued)</b>			
<b>OFFICE/BUSINESS EQUIPMENT</b>			
Canon Marketing Japan Incorporated	8,000	28,600	0.41
Sato Holdings Corporation	10,000	19,480	0.28
<b>Total OFFICE/BUSINESS EQUIPMENT</b>		<b>48,080</b>	<b>0.69</b>
<b>OIL AND GAS</b>			
INPEX Corporation	51,500	82,297	1.19
<b>Total OIL AND GAS</b>		<b>82,297</b>	<b>1.19</b>
<b>PHARMACEUTICALS</b>			
Santen Pharmaceutical Company Limited	25,000	30,638	0.44
Takeda Pharmaceutical Company Limited	26,000	117,702	1.70
Tsumura & Company	9,700	25,826	0.37
<b>Total PHARMACEUTICALS</b>		<b>174,166</b>	<b>2.51</b>
<b>REAL ESTATE</b>			
Mitsubishi Estate Company Limited	29,000	49,590	0.72
Nomura Real Estate Holdings Incorporated	18,000	61,452	0.89
Tokyu Fudosan Holdings Corporation	88,000	72,442	1.05
<b>Total REAL ESTATE</b>		<b>183,484</b>	<b>2.66</b>
<b>RETAIL</b>			
Iwatani Corporation	6,500	49,426	0.71
J Front Retailing Company Limited	77,000	106,145	1.53
Kojima Company Limited	40,000	23,760	0.34
Snow Peak Incorporated	28,500	53,352	0.77
United Arrows Limited	13,000	32,305	0.47
<b>Total RETAIL</b>		<b>264,988</b>	<b>3.82</b>
<b>SEMICONDUCTORS</b>			
Rohm Company Limited	10,000	135,200	1.95
Sumco Corporation	18,000	36,504	0.53
<b>Total SEMICONDUCTORS</b>		<b>171,704</b>	<b>2.48</b>
<b>TELECOMMUNICATIONS</b>			
KDDI Corporation	19,000	84,550	1.22
Nippon Telegraph & Telephone Corporation	587,500	100,169	1.45
Softbank Group Corporation	16,500	111,755	1.61
<b>Total TELECOMMUNICATIONS</b>		<b>296,474</b>	<b>4.28</b>
<b>Textiles</b>			
Nitto Boseki Company Limited	10,000	22,870	0.33
<b>Total Textiles</b>		<b>22,870</b>	<b>0.33</b>

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

	Holdings at 30 June 2023	Fair value at 30 June 2023 JPY'000	Percentage of total net assets attributable to unitholders at 30 June 2023 %
<b>Quoted Equities (continued)</b>			
<b>Toys/Games/Hobbies</b>			
Nintendo Company Limited	37,000	242,054	3.49
<b>Total Toys/Games/Hobbies</b>		<u>242,054</u>	<u>3.49</u>
<b>Transportation</b>			
Konoike Transport Company Limited	23,000	37,950	0.55
Nishi-Nippon Railroad Company Limited	14,000	34,223	0.49
Seibu Holdings Incorporated	22,500	33,345	0.48
<b>Total Transportation</b>		<u>105,518</u>	<u>1.52</u>
<b>Total Quoted Equities</b>		<u>6,630,153</u>	<u>95.69</u>
<b>Portfolio of investments</b>		6,630,153	95.69
<b>Other net assets</b>		<u>298,378</u>	<u>4.31</u>
<b>Net assets attributable to unitholders</b>		<u>6,928,531</u>	<u>100.00</u>

## NIKKO AM SHENTON JAPAN FUND

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

### STATEMENT OF PORTFOLIO

As at 30 June 2023 (unaudited)

By Industry (Summary)	Percentage of total net assets attributable to unitholders at 30 June 2023 %	Percentage of total net assets attributable to unitholders at 31 December 2022 %
<b>Quoted Equities</b>		
Aerospace/Defense	1.96	1.61
Apparel	1.75	2.00
Auto Manufacturers	7.33	7.27
Auto Parts & Equipment	2.88	3.57
Banks	8.60	8.88
Building Materials	0.50	0.84
Chemicals	3.86	3.54
Commercial Services	0.25	0.60
Computers	1.44	2.09
Distribution/Wholesale	4.77	5.66
Diversified Financial Services	1.79	1.54
Electric	1.33	1.24
Electrical Component & Equipment	0.44	0.47
Electronics	5.21	4.66
Engineering and Construction	3.85	4.50
Food	3.16	2.01
Forest Products & Paper	-	0.45
Hand/Machine Tools	0.72	0.73
Healthcare-Products	1.79	-
Home Builders	2.09	-
Home Furnishings	6.93	6.23
Internet	0.45	1.04
Iron/Steel	0.84	0.91
Leisure Time	0.46	1.23
Machinery-Construction & Mining	3.98	3.38
Machinery-Diversified	2.93	3.18
Media	0.75	0.97
Metal Fabricate/Hardware	0.56	0.36
Mining	2.10	2.50
Office/Business Equipment	0.69	0.97
Oil and Gas	1.19	1.23
Pharmaceuticals	2.51	3.38
Real Estate	2.66	2.94
Retail	3.82	4.21
Semiconductors	2.48	2.04
Telecommunications	4.28	5.12
Textiles	0.33	-
Toys/Games/Hobbies	3.49	4.39
Transportation	1.52	1.56
Total Quoted Equities	95.69	97.30
<b>Portfolio of investments</b>	95.69	97.30
<b>Other net assets</b>	4.31	2.70
<b>Net assets attributable to unitholders</b>	100.00	100.00

As the Fund is invested wholly into Japanese equities, it is not meaningful to classify the investments into geography.



## NIKKO AM SHENTON JAPAN FUND

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

### REPORT TO UNITHOLDERS

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

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The following contains additional information relating to the Fund.

**1. Distribution of investments**

Please refer to the Statement of Portfolio on pages 9 to 14.

**2. Credit rating of debt securities**

Nil.

**3. Top 10 holdings**

**10 Largest holdings at 30 June 2023**

	Fair value JPY'000	Percentage of total net assets attributable to unitholders %
Sony Group Corporation	317,643	4.58
Toyota Motor Corporation	267,786	3.86
Nintendo Company Limited	242,054	3.49
Mitsubishi UFJ Financial Group Incorporated	232,170	3.35
Hitachi Limited	222,400	3.21
Mitsui & Company Limited	178,563	2.58
Sumitomo Mitsui Financial Group Incorporated	175,532	2.53
Kawasaki Heavy Industries Limited	135,938	1.96
Rohm Company Limited	135,200	1.95
Panasonic Holdings Corporation	131,513	1.90

**10 Largest holdings at 30 June 2022**

	Fair value JPY'000	Percentage of total net assets attributable to unitholders %
Sony Group Corporation	271,828	4.66
Toyota Motor Corporation	242,550	4.16
Nintendo Company Limited	205,380	3.52
Hitachi Limited	186,702	3.20
Mitsui & Company Limited	164,698	2.82
Mitsubishi UFJ Financial Group Incorporated	161,927	2.78
Nippon Telegraph & Telephone Corporation	155,840	2.67
Sumitomo Mitsui Financial Group Incorporated	112,896	1.94
Isuzu Motors Limited	96,815	1.66
JGC Holdings Corporation	96,470	1.65

## NIKKO AM SHENTON JAPAN 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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#### 4. Exposure to financial derivatives

	Fair value at 30 June 2023 S\$	Percentage of total net assets attributable to unitholders 30 June 2023 %	Unrealised gains/(losses) S\$	Realised gains/(losses) S\$
Forward foreign exchange contracts	55	-	55	(511)

#### 5. Global exposure to financial derivatives

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

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

#### 6. Collateral

Nil.

#### 7. Securities lending or repurchase transactions

Nil.

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

Nil.

#### 9. Borrowings

Nil.

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

	JPY'000
Units created	488,896
Units cancelled	(503,829)

## NIKKO AM SHENTON JAPAN 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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#### 11. Turnover ratio

		<b>30 June 2023</b>	30 June 2022
Lower of total value of purchases or sales	JPY'000	<b>905,345</b>	1,301,459
Average daily net asset value	JPY'000	<b>6,108,482</b>	5,916,411
<b>Total turnover ratio<sup>1</sup></b>	<b>%</b>	<b>14.82</b>	22.00

<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

		<b>30 June 2023</b>	30 June 2022
<b><u>SGD Class</u></b>			
Total operating expenses	JPY'000	<b>70,007</b>	69,776
Average daily net asset value	JPY'000	<b>5,997,787</b>	6,321,713
<b>Total expense ratio<sup>2</sup></b>	<b>%</b>	<b>1.17</b>	1.10

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

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

	<b>30 June 2023</b>	31 December 2022
	<b>JPY'000</b>	JPY'000
Bank balances held with related party of the Trustee	<b>301,624</b>	177,363

## **NIKKO AM SHENTON JAPAN 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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**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 Co. Ltd., do not receive or intend to receive any soft dollars commissions, or enter into soft dollars arrangements, in respect of Fund.











# ANNUAL REPORT

For the financial year ended 31 December 2022

**Nikko AM Shenton  
Japan 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 Japan Fund - SGD Class <sup>1</sup>	6.61	0.15	-12.86	1.47	0.69	6.86	2.04
Benchmark <sup>2</sup>	5.84	1.45	-15.66	-1.37	-0.28	5.86	-0.55

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

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Shenton Japan Fund - SGD Class <sup>1</sup>	1.28	-4.86	-17.22	-0.25	-0.33	6.31	1.89
Benchmark <sup>2</sup>	5.84	1.45	-15.66	-1.37	-0.28	5.86	-0.55

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

### **Inception date: 31 December 1986**

#### **Note:**

- (1) With effect from 17 October 2011, the Fund (formerly known as "DBS Japan Growth Fund") has been renamed as Nikko AM Shenton Japan Fund.

The following changes were made to the Fund with effect from 7 July 2014 (the "Effective Date"):

- the sub-manager of the Fund was changed from Daiwa SB Investments Ltd to Nikko Asset Management Co., Ltd.;
- the base currency of the Fund was changed from the Singapore dollar ("SGD") to Japanese yen ("JPY"); and
- classes of units (each a "Class" and collectively the "Classes") were established within the Fund. In this connection, the existing units in the Fund were re-designated into a SGD Class and three new Classes were established within the Fund, namely a SGD hedged Class, a United States dollar ("USD") Class and a USD hedged Class. For the avoidance of any doubt, please note that the currency exposure of the assets of the Fund that attributable to the SGD Class on and after the Effective Date will continue not to be hedged. Further, please note that while the SGD hedged Class, USD Class and USD hedged Class were established on the Effective Date, such Classes will only be launched at such date(s) as may be determined by the Managers.

- (2) Prior to 1 May 2017, the performance returns of the benchmark was calculated using price index methodology. With effect from 1 May 2017, it is calculated using net total return index methodology. With effect from 1 June 2004, the benchmark was changed from Nikkei 225 Stock Average to TOPIX Index.

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## **Portfolio Review**

### ***Fund returned -12.86% during the period under review***

The Nikko AM Shenton Japan Fund (the "Fund") returned -12.86% (in SGD terms, on a NAV-NAV basis) over the twelve months ended 31 December 2022, outperforming the benchmark by 2.80% in SGD terms. This was due in large part to powerful tailwinds in the January-March quarter when performance was boosted by a market environment generally favourable to large-cap value stocks. The portfolio continued to outperform in the April-June quarter, albeit more moderately, displaying a certain degree of downside protection in a bearish market. Performance dipped in the July-September quarter when growth stocks came into favour as inflation looked like it might peak out and US long-term interest rates came down. The portfolio once again outperformed in the October-December period as value stocks came back into favour from November onward on the back of strong July-September quarter corporate earnings in Japan. Overall, our stock selection was the main driver of alpha this year, with the majority of our active weight positions contributing positively to the annual performance. During the period, we maintained the portfolio fully invested with the Fund's equity weighting in the 97-99% range. As of the end of December, the Fund consisted of 86 names.

Stocks that made large positive contributions in the period included major trading company Mitsui & Co and oil and gas producer Inpex, both of which benefitted from rising commodity prices, and industrial machinery maker Kawasaki Heavy Industries, which rose on higher expectations for future earnings growth after the firm upgraded its earnings guidance. Other positive contributors included stocks which benefitted from the Bank of Japan's (BoJ) change to its yield curve control such as major banks Mitsubishi UFJ Financial Group and Sumitomo Mitsui Financial Group.

In contrast, names which detracted from performance during the period included electronics and game/entertainment conglomerate Sony Group. Its share price declined due to an outlook for sluggish short-term earnings arising from deterioration in the external environment as well as one-time M&A costs. Tech conglomerate Z Holdings also contributed negatively due to weak short-term earnings stemming from the impact of upfront investment. Other negative contributors included steel casting and forging company Japan Steel Works, which underwent correction due to the discovery of falsified product quality inspection data for certain products used in coal-fired power plants which are manufactured by one of the company's subsidiaries, and semiconductor package manufacturer Ibiden, which fell on concerns regarding the potential for weak short-term earnings stemming from the deteriorating external environment. Outdoor apparel and gear maker Snow Peak was another negative contributor as its stock fell due in part to concerns regarding a potential decline in short-term earnings as the boost in demand the company experienced during the pandemic begins to fade.

## **Market Review**

The market see-sawed throughout the year, weighed down by concerns regarding inflation and a global economic downturn, and then in turn boosted by signals that the US Federal Reserve may slow the pace of its interest rate hikes as inflation indicators eased. Additionally, the stocks of exporters benefitted from a weak yen for the majority of the year, although the currency began to appreciate toward the end of the period. Japanese equities particularly rallied in October after the Japanese government's announcement of plans to further ease the border entry restrictions in place throughout the pandemic. However, the continuation of monetary tightening by central banks around the world and other downward pressures held more sway throughout 2022 overall. As a result, the TOPIX (including dividends) ended the year down 2.45% while the Nikkei 225 (including dividends) declined 7.34%.

Overall, in terms of sector performance, 21 of 33 TOPIX sectors rose during the period, with sectors such as Mining, Banks, and Marine Transportation posting the highest gains. In contrast, 12 sectors declined, including Electric Appliances, Precision Instruments and Services.

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## **Market Outlook**

We continue to believe that undervalued Japanese stocks have significant upside potential. In the first half of 2023 Japanese equities will likely be sensitive to pressure from economic downturn concerns, especially surrounding the US, but we believe for Japanese equities the downside will be limited due to their cheap valuations, and conversely it will be a good time for us to prepare for a potential rebound in the second half of the year onwards.

In 2023, the Japanese economy is expected to be strong in terms of its underlying fundamentals, with a recovery in domestic demand, a rise in real wages, and improvements to economic policy and trade terms all potentially on the horizon. Many of the economic outlooks released by leading organisations such as the International Monetary Fund predict that Japan will have the highest growth rate of any developed economy in 2023.

At the BoJ's December Monetary Policy Meeting, it decided to allow long-term yields to fluctuate within a wider range. This move was aimed at ironing out distortions in the shape of the yield curve and improving the somewhat weakened functioning of the market ahead of the appointment of a new BoJ governor next spring, and it appears that it may take some time for more substantial changes to be made to monetary policy.

Meanwhile, Japanese equities continue to appear highly undervalued, trading 12 times FY2023 earnings and 1.1 times their average book value, with a 2.5% dividend yield. As such, we think further downside risk is limited. Economic trends in the US and China will continue to present potential risks in 2023 but we believe there is a high possibility that Japanese equities will outperform on a relative basis.

We also think that the value strategy will remain an attractive means of investing in Japanese equities in 2023. Considering that inflation remains persistently high, it seems unlikely that real interest rates could move downward sharply or continually in the medium term. Simmering expectations for a change in BoJ monetary policy will also work in favour of our investment strategy.

The US will need to hike interest rates in order to prompt a rise in real deposit interest rates and achieve its aim of curbing consumption. The savings rate appears likely to move upward in the January-March quarter and any economic slowdown seems like it will primarily manifest in terms of consumer spending. However, we believe this downturn will be relatively mild.

In China, the government has implemented a 180-degree reversal to its COVID-19 policies. While we need to be cautious of disruption in the short term, we think China will introduce economic stimulus measures ahead of the National People's Congress in March. Following the most recent National Congress of the Chinese Communist Party, many investors took a negative outlook, but it seems that the situation is finally beginning to move in a brighter direction.

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## **Portfolio Strategy**

Based on the following criteria, we will continue to invest in stocks of companies that appear undervalued from a profitability standpoint following changes in their earnings and that are viewed positively thanks to their high dividend yields and solid financial structures.

1. Investing in undervalued companies with a great deal of potential for revaluation based on products, technologies and know-how they deploy both in Japan and overseas.
2. Investing in undervalued companies with a great deal of potential for revaluation due to their strong business organizations which are unmatched by rivals.
3. Investing in undervalued companies which have room to be re-evaluated by the market as they are close to completing sweeping structural reforms.

Given the highly volatile market environment, the risk factors we need to pay attention to may change. However, those we are currently keeping in mind as we manage the portfolio are as follows:

1. Expansion of geopolitical risk stemming from the conflict in Ukraine and Iran or other events
2. Resurgence of inflation concerns due to stubbornly high service prices
3. Changes in monetary policy
4. Uneven pace of recovery between countries from COVID-19
5. China's response to its structural issues
6. Developments in the US-China struggle for supremacy
7. The direction of emerging market economies

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This document is purely for informational purposes only with no consideration given to the specific investment objective, financial situation and particular needs of any specific person. It should not be relied upon as financial advice. Any securities mentioned herein are for illustration purposes only and should not be construed as a recommendation for investment. **You should seek advice from a financial adviser before making any investment. In the event that you choose not to do so, you should consider whether the investment selected is suitable for you.** Investments in funds are not deposits in, obligations of, or guaranteed or insured by Nikko Asset Management Asia Limited (“Nikko AM Asia”).

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

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

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

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

Nikko Asset Management Asia Limited. Registration Number 198202562H



## **NIKKO AM SHENTON JAPAN 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 Japan Fund (the "Fund") in trust for the unitholders. In accordance with the Securities and Futures Act 2001, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 12 to 31, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

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

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Authorised signatory  
29 March 2023

## **NIKKO AM SHENTON JAPAN FUND**

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

### **STATEMENT BY THE MANAGER**

*For the financial year ended 31 December 2022*

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In the opinion of Nikko Asset Management Asia Limited, the accompanying financial statements set out on pages 12 to 31, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of Nikko AM Shenton Japan 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 JAPAN 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 Japan 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 JAPAN 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 JAPAN 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 JAPAN 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 JPY'000	2021 JPY'000
<b>Income</b>			
Dividends		175,017	186,290
Interest on cash and cash equivalents		1,011	-
		<b>176,028</b>	<b>186,290</b>
<b>Less: Expenses</b>			
Management fee		59,913	71,786
Registrar fee		2,269	1,780
Custody fee		564	660
Audit fee		1,460	1,191
Valuation fee		1,227	1,454
Transaction costs		6,308	7,729
Other expenses		1,576	2,415
		<b>73,317</b>	<b>87,015</b>
<b>Net income</b>		<b>102,711</b>	<b>99,275</b>
<b>Net gains or losses on value of investments</b>			
Net (losses)/gains on investments		(47,940)	1,386,080
Net foreign exchange gains		15,846	9,504
		<b>(32,094)</b>	<b>1,395,584</b>
<b>Total return for the financial year before income tax</b>		<b>70,617</b>	<b>1,494,859</b>
<b>Less: Income tax</b>	3	<b>(26,804)</b>	<b>(28,530)</b>
<b>Total return for the financial year after income tax</b>		<b>43,813</b>	<b>1,466,329</b>

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

**NIKKO AM SHENTON JAPAN FUND**

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

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2022

	Note	2022 JPY'000	2021 JPY'000
<b>ASSETS</b>			
Portfolio of investments		5,590,027	5,688,788
Sales awaiting settlement		9,337	-
Receivables	4	17,807	7,157
Cash and cash equivalents		177,363	201,481
<b>Total assets</b>		<b>5,794,534</b>	<b>5,897,426</b>
<b>LIABILITIES</b>			
Payables	5	19,868	26,735
Purchases awaiting settlement		29,649	-
<b>Total liabilities</b>		<b>49,517</b>	<b>26,735</b>
<b>EQUITY</b>			
Net assets attributable to unitholders	6	5,745,017	5,870,691

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

**NIKKO AM SHENTON JAPAN 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 JPY'000	2021 JPY'000
<b>Net assets attributable to unitholders at the beginning of the financial year</b>		<b>5,870,691</b>	7,511,396
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		<b>43,813</b>	1,466,329
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		<b>1,855,353</b>	1,475,021
Cancellation of units		<b>(2,024,840)</b>	(4,582,055)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		<b>(169,487)</b>	(3,107,034)
Total decreases in net assets attributable to unitholders		<b>(125,674)</b>	(1,640,705)
<b>Net assets attributable to unitholders at the end of the financial year</b>	6	<b>5,745,017</b>	5,870,691

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



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

By Industry (Primary)	Holdings at 31 December 2022	Fair value at 31 December 2022 JPY'000	Percentage of total net assets attributable to unitholders at 31 December 2022 %
<b>Quoted Equities</b>			
<b>AEROSPACE/DEFENSE</b>			
Kawasaki Heavy Industries Limited	30,000	92,700	1.61
<b>Total AEROSPACE/DEFENSE</b>		<b>92,700</b>	<b>1.61</b>
<b>APPAREL</b>			
ASICS Corporation	39,500	115,103	2.00
<b>Total APPAREL</b>		<b>115,103</b>	<b>2.00</b>
<b>AUTO MANUFACTURERS</b>			
Honda Motor Company Limited	25,000	75,800	1.32
Isuzu Motors Limited	60,000	92,820	1.62
Mazda Motor Corporation	63,500	63,818	1.11
Toyota Motor Corporation	102,000	184,875	3.22
<b>Total AUTO MANUFACTURERS</b>		<b>417,313</b>	<b>7.27</b>
<b>AUTO PARTS &amp; EQUIPMENT</b>			
Denso Corporation	7,500	49,020	0.85
Musashi Seimitsu Industry Company Limited	25,000	39,125	0.68
Stanley Electric Company Limited	24,000	60,696	1.06
Toyota Industries Corporation	7,800	56,472	0.98
<b>Total AUTO PARTS &amp; EQUIPMENT</b>		<b>205,313</b>	<b>3.57</b>
<b>BANKS</b>			
Fukuoka Financial Group Incorporated	10,000	30,050	0.52
Mitsubishi UFJ Financial Group Incorporated	215,000	191,135	3.33
Mizuho Financial Group Incorporated	40,000	74,240	1.29
Resona Holdings Incorporated	92,000	66,534	1.16
Sumitomo Mitsui Financial Group Incorporated	28,000	148,288	2.58
<b>Total BANKS</b>		<b>510,247</b>	<b>8.88</b>
<b>BUILDING MATERIALS</b>			
Asia Pile Holdings Corporation	55,500	30,081	0.52
Nihon Flush Company Limited	21,000	18,396	0.32
<b>Total BUILDING MATERIALS</b>		<b>48,477</b>	<b>0.84</b>
<b>CHEMICALS</b>			
KH Neochem Company Limited	15,000	40,395	0.70
Mitsubishi Gas Chemical Company Incorporated	30,500	55,602	0.97
Mitsui Chemicals Incorporated	20,000	59,500	1.04
Nitto Denko Corporation	6,200	47,430	0.83
<b>Total CHEMICALS</b>		<b>202,927</b>	<b>3.54</b>
<b>COMMERCIAL SERVICES</b>			
Gakken Holdings Company Limited	37,000	34,373	0.60
<b>Total COMMERCIAL SERVICES</b>		<b>34,373</b>	<b>0.60</b>

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

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

By Industry (Primary) (continued)	Holdings at 31 December 2022	Fair value at 31 December 2022 JPY'000	Percentage of total net assets attributable to unitholders at 31 December 2022 %
<b>Quoted Equities (continued)</b>			
<b>COMPUTERS</b>			
Fujitsu Limited	5,500	96,883	1.69
Itochu Techno-Solutions Corporation	7,500	23,025	0.40
<b>Total COMPUTERS</b>		<b>119,908</b>	<b>2.09</b>
<b>DISTRIBUTION/WHOLESALE</b>			
Mitsubishi Corporation	21,000	89,943	1.57
Mitsui & Company Limited	52,000	200,356	3.49
Trusco Nakayama Corporation	17,000	34,595	0.60
<b>Total DISTRIBUTION/WHOLESALE</b>		<b>324,894</b>	<b>5.66</b>
<b>DIVERSIFIED FINANCIAL SERVICES</b>			
Nomura Holdings Incorporated	103,000	50,326	0.88
SBI Holdings Incorporation/Japan	15,000	37,755	0.66
<b>Total DIVERSIFIED FINANCIAL SERVICES</b>		<b>88,081</b>	<b>1.54</b>
<b>ELECTRIC</b>			
Chubu Electric Power Company Incorporated	52,500	71,505	1.24
<b>Total ELECTRIC</b>		<b>71,505</b>	<b>1.24</b>
<b>ELECTRICAL COMPONENT &amp; EQUIPMENT</b>			
Ushio Incorporated	16,500	26,846	0.47
<b>Total ELECTRICAL COMPONENT &amp; EQUIPMENT</b>		<b>26,846</b>	<b>0.47</b>
<b>ELECTRONICS</b>			
Anritsu Corporation	17,500	22,435	0.39
Ibiden Company Limited	7,500	35,888	0.62
Japan Aviation Electronics Industry Limited	15,000	31,635	0.55
Nippon Electric Glass Company Limited	9,500	22,268	0.39
Nissha Company Limited	34,000	62,220	1.08
TDK Corporation	14,000	60,690	1.06
Wacom Company Limited	56,000	32,704	0.57
<b>Total ELECTRONICS</b>		<b>267,840</b>	<b>4.66</b>
<b>ENGINEERING AND CONSTRUCTION</b>			
JGC Holdings Corporation	43,500	72,993	1.27
Kumagai Gumi Company Limited	15,000	39,465	0.69
Penta-Ocean Construction Company Limited	116,000	71,688	1.25
Taisei Corporation	17,500	74,375	1.29
<b>Total ENGINEERING AND CONSTRUCTION</b>		<b>258,521</b>	<b>4.50</b>
<b>FOOD</b>			
Nippon Suisan Kaisha Limited	105,000	57,645	1.00
San-A Company Limited	13,500	58,118	1.01
<b>Total FOOD</b>		<b>115,763</b>	<b>2.01</b>
<b>FOREST PRODUCTS &amp; PAPER</b>			
Sumitomo Forestry Company Limited	11,000	25,663	0.45
<b>Total FOREST PRODUCTS &amp; PAPER</b>		<b>25,663</b>	<b>0.45</b>

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

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

	Holdings at 31 December 2022	Fair value at 31 December 2022 JPY'000	Percentage of total net assets attributable to unitholders at 31 December 2022 %
<b>Quoted Equities (continued)</b>			
<b>HAND/MACHINE TOOLS</b>			
DMG Mori Company Limited	24,000	42,120	0.73
<b>Total HAND/MACHINE TOOLS</b>		<u>42,120</u>	<u>0.73</u>
<b>HOME FURNISHINGS</b>			
Maxell Limited	24,500	33,296	0.58
Panasonic Holdings Corporation	57,500	63,854	1.11
Sony Group Corporation	26,000	260,910	4.54
<b>Total HOME FURNISHINGS</b>		<u>358,060</u>	<u>6.23</u>
<b>INTERNET</b>			
Z Holdings Corporation	180,000	59,760	1.04
<b>Total INTERNET</b>		<u>59,760</u>	<u>1.04</u>
<b>IRON/STEEL</b>			
Japan Steel Works Limited/The	20,000	52,180	0.91
<b>Total IRON/STEEL</b>		<u>52,180</u>	<u>0.91</u>
<b>LEISURE TIME</b>			
Globeride Incorporated	18,000	46,008	0.80
Round One Corporation	51,000	24,480	0.43
<b>Total LEISURE TIME</b>		<u>70,488</u>	<u>1.23</u>
<b>MACHINERY-CONSTRUCTION &amp; MINING</b>			
Hitachi Limited	29,000	194,039	3.38
<b>Total MACHINERY-CONSTRUCTION &amp; MINING</b>		<u>194,039</u>	<u>3.38</u>
<b>MACHINERY-DIVERSIFIED</b>			
Ebara Corporation	8,500	40,120	0.70
Kubota Corporation	38,000	69,046	1.20
Nabtesco Corporation	14,000	47,110	0.82
Sumitomo Heavy Industries Limited	10,000	26,440	0.46
<b>Total MACHINERY-DIVERSIFIED</b>		<u>182,716</u>	<u>3.18</u>
<b>MEDIA</b>			
Sky Perfect JSAT Holdings Incorporated	115,000	55,775	0.97
<b>Total MEDIA</b>		<u>55,775</u>	<u>0.97</u>
<b>METAL FABRICATE/HARDWARE</b>			
Ryobi Limited	18,500	21,220	0.36
<b>Total METAL FABRICATE/HARDWARE</b>		<u>21,220</u>	<u>0.36</u>
<b>MINING</b>			
Dowa Holdings Company Limited	11,500	47,725	0.83
Sumitomo Metal Mining Company Limited	20,500	95,756	1.67
<b>Total MINING</b>		<u>143,481</u>	<u>2.50</u>

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

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

By Industry (Primary) (continued)	Holdings at 31 December 2022	Fair value at 31 December 2022 JPY'000	Percentage of total net assets attributable to unitholders at 31 December 2022 %
<b>Quoted Equities (continued)</b>			
<b>OFFICE/BUSINESS EQUIPMENT</b>			
Canon Marketing Japan Incorporated	9,000	26,901	0.47
Sato Holdings Corporation	15,000	28,470	0.50
<b>Total OFFICE/BUSINESS EQUIPMENT</b>		<b>55,371</b>	<b>0.97</b>
<b>OIL AND GAS</b>			
INPEX Corporation	50,500	70,498	1.23
<b>Total OIL AND GAS</b>		<b>70,498</b>	<b>1.23</b>
<b>PHARMACEUTICALS</b>			
Astellas Pharma Incorporated	29,500	59,192	1.03
Takeda Pharmaceutical Company Limited	26,000	106,886	1.86
Tsumura & Company	9,700	28,111	0.49
<b>Total PHARMACEUTICALS</b>		<b>194,189</b>	<b>3.38</b>
<b>REAL ESTATE</b>			
Mitsubishi Estate Company Limited	24,000	41,064	0.71
Nomura Real Estate Holdings Incorporated	22,500	63,675	1.11
Tokyu Fudosan Holdings Corporation	102,500	64,370	1.12
<b>Total REAL ESTATE</b>		<b>169,109</b>	<b>2.94</b>
<b>RETAIL</b>			
Iwatani Corporation	5,000	28,950	0.50
J Front Retailing Company Limited	77,000	92,477	1.61
Kojima Company Limited	39,000	23,088	0.40
Snow Peak Incorporated	25,000	58,775	1.02
United Arrows Limited	21,000	38,892	0.68
<b>Total RETAIL</b>		<b>242,182</b>	<b>4.21</b>
<b>SEMICONDUCTORS</b>			
Rohm Company Limited	9,500	90,535	1.58
SUMCO Corporation	15,000	26,355	0.46
<b>Total SEMICONDUCTORS</b>		<b>116,890</b>	<b>2.04</b>
<b>TELECOMMUNICATIONS</b>			
KDDI Corporation	19,000	75,658	1.32
Nippon Telegraph & Telephone Corporation	34,000	127,908	2.23
Softbank Group Corporation	16,000	90,304	1.57
<b>Total TELECOMMUNICATIONS</b>		<b>293,870</b>	<b>5.12</b>
<b>TOYS/GAMES/HOBBIES</b>			
Nintendo Company Limited	37,000	204,684	3.56
Sanrio Company Limited	10,000	47,800	0.83
<b>Total TOYS/GAMES/HOBBIES</b>		<b>252,484</b>	<b>4.39</b>

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

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

	Holdings at 31 December 2022	Fair value at 31 December 2022 JPY'000	Percentage of total net assets attributable to unitholders at 31 December 2022 %
<b>Quoted Equities (continued)</b>			
<b>TRANSPORTATION</b>			
Konoike Transport Company Limited	23,000	36,984	0.64
Nishi Nippon Railroad Company Limited	11,000	27,181	0.47
Seibu Holdings Incorporated	18,000	25,956	0.45
<b>Total TRANSPORTATION</b>		<b>90,121</b>	<b>1.56</b>
<b>Total Quoted Equities</b>		<b>5,590,027</b>	<b>97.30</b>
<b>Portfolio of investments</b>		<b>5,590,027</b>	<b>97.30</b>
<b>Other net assets</b>		<b>154,990</b>	<b>2.70</b>
<b>Net assets attributable to unitholders</b>		<b>5,745,017</b>	<b>100.00</b>

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

## NIKKO AM SHENTON JAPAN FUND

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

### STATEMENT OF PORTFOLIO

As at 31 December 2022

By Industry (Summary)	Percentage of total net assets attributable to unitholders at 30 December 2022 %	Percentage of total net assets attributable to unitholders at 31 December 2021 %
<b>Quoted Equities</b>		
Aerospace/Defense	1.61	0.85
Apparel	2.00	1.48
Auto Manufacturers	7.27	8.71
Auto Parts & Equipment	3.57	2.88
Banks	8.88	6.35
Building Materials	0.84	1.19
Chemicals	3.54	2.16
Commercial Services	0.60	0.45
Computers	2.09	1.24
Distribution/Wholesale	5.66	3.49
Diversified Financial Services	1.54	2.26
Electric	1.24	1.24
Electrical Component & Equipment	0.47	1.02
Electronics	4.66	7.16
Engineering and Construction	4.50	3.00
Environmental Control	-	0.47
Food	2.01	3.25
Forest Products & Paper	0.45	-
Hand/Machine Tools	0.73	0.84
Home Builders	-	0.82
Home Furnishings	6.23	6.81
Insurance	-	1.96
Internet	1.04	1.84
Iron/Steel	0.91	1.22
Leisure Time	1.23	1.08
Machinery-Construction & Mining	3.38	5.26
Machinery-Diversified	3.18	3.09
Media	0.97	0.46
Metal Fabricate/Hardware	0.36	0.26
Mining	2.50	2.82
Office/Business Equipment	0.97	1.79
Oil and Gas	1.23	1.45
Pharmaceuticals	3.38	2.06
Real Estate	2.94	1.68
Retail	4.21	3.65
Semiconductors	2.04	2.39
Telecommunications	5.12	4.06
Toys/Games/Hobbies	4.39	3.46
Transportation	1.56	2.70
<b>Total Quoted Equities</b>	<b>97.30</b>	<b>96.90</b>
<b>Portfolio of investments</b>	<b>97.30</b>	<b>96.90</b>
<b>Other net assets</b>	<b>2.70</b>	<b>3.10</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

As the Fund is invested wholly into Japanese equities, it is not meaningful to classify the investments into geography.

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

## NIKKO AM SHENTON JAPAN 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 Japan Fund (the "Fund") is a Singapore domiciled fund constituted under a Trust Deed dated 3 December 1985, 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 Co., Ltd., domiciled in Japan.

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

The classes may differ in terms of their class currency, the minimum subscription amounts applicable and the hedging features applicable to certain classes.

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

#### 2. Significant accounting policies

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

##### (a) Basis of preparation

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

##### (b) Recognition of income

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

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

##### (c) Investments

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

###### (i) *Initial recognition*

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

###### (ii) *Subsequent measurement*

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

## NIKKO AM SHENTON JAPAN FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

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

###### (iii) *Derecognition*

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

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

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

##### (e) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

##### (f) Sales and purchases awaiting settlement

Sales and purchases awaiting settlement represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the Statement of Financial Position date respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost.

##### (g) Payables

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

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

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

##### (i) Foreign currency translation

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

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



## NIKKO AM SHENTON JAPAN FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

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

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

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

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

Foreign currency monetary assets and liabilities are translated into Japanese Yen 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 Japanese Yen at the rates of exchange ruling on transaction dates. All realised gains or losses are recognised in the Statement of Total Return.

#### 3. Income tax

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

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

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

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

	<b>2022</b>	2021
	<b>JPY'000</b>	JPY'000
Overseas income tax	<b>26,804</b>	<b>28,530</b>

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## NIKKO AM SHENTON JAPAN FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

#### 3. Income tax (continued)

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

#### 4. Receivables

	2022 JPY'000	2021 JPY'000
Receivable from unitholders for creation of units	9,283	2,151
Dividends receivable	8,524	4,993
Other receivables	-	13
	<u>17,807</u>	<u>7,157</u>

#### 5. Payables

	2022 JPY'000	2021 JPY'000
Payable to unitholders for cancellation of units	1,874	7,207
Amount due to the Manager	15,771	17,516
Valuation fee payable	316	350
Registrar fee payable	302	249
Provision for audit fee	1,367	1,172
Custody fee payable	233	241
Other payables	5	-
	<u>19,868</u>	<u>26,735</u>

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

#### 6. Units in issue

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

<u>SGD Class</u>	2022	2021
Units at beginning of the financial year	44,325,074	68,535,586
Units created	13,934,879	11,565,186
Units cancelled	<u>(15,147,801)</u>	<u>(35,775,698)</u>
Units at end of the financial year	<u>43,112,152</u>	<u>44,325,074</u>
Net assets attributable to unitholders - JPY'000	5,745,017	5,870,691
Net asset value per unit - JPY	<u>133.257</u>	<u>132.446</u>

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:

## NIKKO AM SHENTON JAPAN FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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#### 6. Units in issue (continued)

<u>SGD Class</u>	<b>2022 JPY</b>	2021 JPY
Net assets attributable to unitholders per financial statements per unit	<b>133.257</b>	132.446
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	<b>0.005</b>	(0.004)
Net assets attributable to unitholders for issuing/redeeming per unit	<b>133.262</b>	132.442

^ 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.

#### 7. Financial risk management

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

The Fund's primary objective is to achieve medium to long term capital appreciation by investing in a diversified portfolio of equity investments listed in Japan.

The Manager will seek to add value by selectively over/under weighting benchmark components to achieve relative out performance and blending the mix with a selection of non benchmark components to deliver absolute outperformance.

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

## **NIKKO AM SHENTON JAPAN 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)**

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

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

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

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

As the Fund invests primarily in Japanese equities across different industries, the Manager is of the view that the price risk of the Fund is best reflected by movements in its benchmark of the TOPIX Index (Net Total Return) (the "Benchmark").

As at 31 December 2022, an increase/decrease of the index component within the Benchmark by 16% (2021: 8%), with all other variables remaining constant, the net assets attributable to unitholders for the year would increase/decrease by approximately 15% (2021: 8%). The analysis was based on the assumptions that the index components within the Benchmark increased/decreased by a reasonable possible shift, with all other variables held constant and that the fair value of Fund's investments moved according to the beta. Reasonable possible changes in market index percentage are revised annually depending on the Manager's current view on market volatility and other relevant factors.

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

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

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

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

## NIKKO AM SHENTON JAPAN FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

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

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

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

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

As at 31 December 2022	JPY JPY'000	SGD JPY'000	USD JPY'000	Total JPY'000
<b>Assets</b>				
Portfolio of investments	5,590,027	-	-	5,590,027
Sales awaiting settlement	9,337	-	-	9,337
Receivables	8,524	9,283	-	17,807
Cash and cash equivalents	88,804	88,450	109	177,363
<b>Total assets</b>	<b>5,696,692</b>	<b>97,733</b>	<b>109</b>	<b>5,794,534</b>
<b>Liabilities</b>				
Payables	-	19,868	-	19,868
Purchases awaiting settlement	29,649	-	-	29,649
<b>Total liabilities</b>	<b>29,649</b>	<b>19,868</b>	<b>-</b>	<b>49,517</b>
<b>Net currency exposure</b>	<b>5,667,043</b>	<b>77,865</b>	<b>109</b>	
<b>As at 31 December 2021</b>				
	JPY JPY'000	SGD JPY'000	USD JPY'000	Total JPY'000
<b>Assets</b>				
Portfolio of investments	5,688,788	-	-	5,688,788
Receivables	4,993	2,164	-	7,157
Cash and cash equivalents	79,276	122,104	101	201,481
<b>Total assets</b>	<b>5,773,057</b>	<b>124,268</b>	<b>101</b>	<b>5,897,426</b>
<b>Liabilities</b>				
Payables	-	26,735	-	26,735
<b>Total liabilities</b>	<b>-</b>	<b>26,735</b>	<b>-</b>	<b>26,735</b>
<b>Net currency exposure</b>	<b>5,773,057</b>	<b>97,533</b>	<b>101</b>	

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

## NIKKO AM SHENTON JAPAN 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)

##### (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.

	<b>Less than 3 months</b>	
	<b>As at</b>	<b>As at</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>JPY'000</b>	<b>JPY'000</b>
Payables	<b>19,868</b>	26,735
Purchases awaiting settlement	<b>29,649</b>	-
<b>Contractual cash outflows</b>	<b>49,517</b>	<b>26,735</b>

## NIKKO AM SHENTON JAPAN 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.

Although the Fund does not have a concentration of credit risk that arises from exposure to a single counterparty, the Fund has material exposure to Japan that might potentially be subjected to economic, political and regulatory risks. 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 realisable within three months. The Manager considers the probability of default to be insignificant as the counterparties generally have a strong capacity to meet their contractual obligations in the near term. Hence, no loss allowance has been recognised based on the 12 month expected credit losses as any such impairment would be insignificant to the Fund.

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

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

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

As at 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 JAPAN FUND

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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

##### (g) Fair value estimation

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

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

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

<b>As at 31 December 2022</b>	<b>Level 1 JPY'000</b>	<b>Level 2 JPY'000</b>	<b>Level 3 JPY'000</b>	<b>Total JPY'000</b>
<b>Assets</b>				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted equities	<b>5,590,027</b>	-	-	<b>5,590,027</b>
<b>As at 31 December 2021</b>				
	<b>Level 1 JPY'000</b>	<b>Level 2 JPY'000</b>	<b>Level 3 JPY'000</b>	<b>Total JPY'000</b>
<b>Assets</b>				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted equities	<b>5,688,788</b>	-	-	<b>5,688,788</b>

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

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:

	<b>2022 JPY'000</b>	<b>2021 JPY'000</b>
Bank balances held with related party of the Trustee	<b>177,363</b>	201,481



## NIKKO AM SHENTON JAPAN 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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#### 9. Financial ratios

##### Expense ratio

		2022	2021
<b>SGD Class</b>			
Total operating expenses	JPY'000	<b>66,820</b>	79,139
Average daily net asset value	JPY'000	<b>5,903,724</b>	7,161,263
<b>Total expense ratio<sup>1</sup></b>	%	<b>1.13</b>	1.11

##### Turnover ratio

		2022	2021
Lower of total value of purchases or sales	JPY'000	<b>1,912,206</b>	1,441,999
Average daily net asset value	JPY'000	<b>5,903,724</b>	7,161,263
<b>Total turnover ratio<sup>2</sup></b>	%	<b>32.39</b>	20.14

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

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

## NIKKO AM SHENTON JAPAN 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 15 to 20.

#### 2. Credit rating of debt securities

Nil.

#### 3. Top 10 holdings

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

	Fair value JPY'000	Percentage of total net assets attributable to unitholders %
Sony Group Corporation	260,910	4.54
Nintendo Company Limited	204,684	3.56
Mitsui & Company Limited	200,356	3.49
Hitachi Limited	194,039	3.38
Mitsubishi UFJ Financial Group Incorporated	191,135	3.33
Toyota Motor Corporation	184,875	3.22
Sumitomo Mitsui Financial Group Incorporated	148,288	2.58
Nippon Telegraph & Telephone Corporation	127,908	2.23
Asics Corporation	115,103	2.00
Takeda Pharmaceutical Company Limited	106,886	1.86

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

	Fair value JPY'000	Percentage of total net assets attributable to unitholders %
Sony Group Corporation	354,638	6.04
Toyota Motor Corporation	269,504	4.59
Hitachi Limited	199,360	3.40
Nintendo Company Limited	177,045	3.02
Mitsubishi UFJ Financial Group Incorporated	141,227	2.41
Mitsui & Company Limited	132,090	2.25
Nippon Telegraph & Telephone Corporation	130,725	2.23
Murata Manufacturing Company Limited	109,884	1.87
Dowa Holdings Company Limited	108,788	1.85
KDDI Corporation	107,584	1.83

#### 4. Exposure to financial derivatives

Nil.

## NIKKO AM SHENTON JAPAN 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**

Nil.

**9. Borrowings**

Nil.

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

**JPY'000**

Units created  
Units cancelled

1,855,353  
(2,024,840)

**11. Turnover ratio**

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

**12. Expense ratio**

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

**13. Related party transactions**

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

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

Nil.

**15. Soft dollar commissions/arrangements**

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

The Sub-Managers of the Fund do not receive or intend to receive soft dollars commissions, or enter into soft dollars arrangements, in respect of the Fund.

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Company registration number 198202562H



# SEMI-ANNUAL REPORT

For the financial period ending 30 June 2022

**Nikko AM Shenton  
Japan 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

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<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Shenton Japan Fund - SGD Class <sup>1</sup>	-10.87	-12.99	-13.38	5.02	2.72	7.20	2.06
Benchmark <sup>2</sup>	-11.51	-16.86	-16.92	1.46	1.36	5.64	-0.59

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

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Shenton Japan Fund - SGD Class <sup>1</sup>	-15.33	-17.34	-17.71	3.24	1.67	6.65	1.92
Benchmark <sup>2</sup>	-11.51	-16.86	-16.92	1.46	1.36	5.64	-0.59

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

### **Inception date: 31 December 1986**

#### **Note:**

- (1) With effect from 17 October 2011, the Fund (formerly known as "DBS Japan Growth Fund") has been renamed as Nikko AM Shenton Japan Fund.

The following changes were made to the Fund with effect from 7 July 2014 (the "Effective Date"):

- the sub-manager of the Fund was changed from Daiwa SB Investments Ltd to Nikko Asset Management Co., Ltd.;
- the base currency of the Fund was changed from the Singapore dollar ("SGD") to Japanese yen ("JPY"); and
- classes of units (each a "Class" and collectively the "Classes") were established within the Fund. In this connection, the existing units in the Fund were re-designated into a SGD Class and three new Classes were established within the Fund, namely a SGD hedged Class, a United States dollar ("USD") Class and a USD hedged Class. For the avoidance of any doubt, please note that the currency exposure of the assets of the Fund that attributable to the SGD Class on and after the Effective Date will continue not to be hedged. Further, please note that while the SGD hedged Class, USD Class and USD hedged Class were established on the Effective Date, such Classes will only be launched at such date(s) as may be determined by the Managers.

- (2) Prior to 1 May 2017, the performance returns of the benchmark was calculated using price index methodology. With effect from 1 May 2017, it is calculated using net total return index methodology. With effect from 1 June 2004, the benchmark was changed from Nikkei 225 Stock Average to TOPIX Index.

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## **Portfolio Review**

### ***Fund returned -12.99% during the period under review***

The Nikko AM Shenton Japan Fund (the "Fund") returned -12.99% (in SGD terms, on a NAV-NAV basis) over the six months ended 30 June 2022, outperforming the benchmark by 3.87% in SGD terms. The portfolio has consistently generated alpha amid a shift in the market in favour of value names. We believe this is only the beginning of the turnaround in value stocks and are more confident than ever that our strategy will be able to generate significant alpha as the value-growth spread unwinds. During the period, we maintained the portfolio fully invested with the Fund's equity weighting in the 97-99% range. As of the end of June, the Fund consisted of 86 names.

Stocks that made positive contributions during the period included: major plant and engineering firm JGC Holdings and oil and gas producer Inpex which went up on expectations for growth in orders as a side effect of economic sanctions on Russia. Our nil holdings of factory automation equipment maker Keyence, semiconductor production equipment maker Tokyo Electron, and staffing company Recruit Holdings had a positive impact on a relative basis given their weak performance over the period.

In contrast, stocks that contributed negatively during the period included: semiconductor package manufacturer Ibiden, fishing equipment maker Globberide, and major tech conglomerate Z Holdings, which pulled back from recent gains. Other detractors included electronics and game/entertainment conglomerate Sony Group, which fell due to concerns regarding the company's conservative earnings guidance for FY22; and steel casting and forging company Japan Steel Works, which declined due to the discovery of falsified product quality inspection data for certain products at one of the company's subsidiaries.

## **Market Review**

The Japanese equity market declined overall in the January-June period despite the positive effects of a weaker Japanese yen for exporters and a moderate rise in the market following Japan's decision to partially re-open its borders to tourists. Such positive catalysts were overridden by concerns regarding inflation and the corresponding US rate hikes and monetary tightening, as well as the conflict in Ukraine. Over the period, the TOPIX (including dividends) declined 4.78% and 16.86% in SGD terms.

## **Market Outlook**

We have not changed our view that Japanese stocks that are undervalued have significant upside potential. Although presently we do not anticipate a severe recession, the economy is beginning to contract. For the time being, we expect the financial markets will continue to be volatile.

The current circumstances appear to resemble inflation-driven recessionary periods in the 1970s and 80s, as opposed to more recent, credit-driven recessions caused by overcapacity or excessive debt such as the IT bubble or the 2008 global financial crisis.

Of course, stock prices tend to fall when the economy is on the brink of a recession, but we believe these circumstances will not be long-lasting as policy rate hikes and inflation will peak out going forward. In our view, the recessionary conditions are likely to dissipate around the same time that corporate earnings estimates are downgraded, and therefore there is a strong possibility that stocks will rebound.

The divergence in the direction of the monetary policies of Japan and the US is further accelerating the depreciation of the yen. While the US Federal Reserve has indicated it will continue quantitative tightening as long as inflation remains high, the Bank of Japan has made clear its plans to maintain monetary easing. It seems likely that the yen will remain weak for the time being.

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In China, the impact of COVID-19 is clearly triggering an economic slowdown. However, the government is introducing additional measures and starting to prop up the economy, which is likely to lead to a gradual recovery going forward. We continue to believe that investors should have a relatively positive view towards China-related stocks.

In our view, the current great rotation from bonds to equities and from growth to value stocks is irreversible in light of the normalisation of monetary policy around the world. We remain confident that value strategies such as ours have the potential to generate significant alpha going forward.

While we believe that the crisis mode currently affecting the global economy will gradually ease, we also expect things will be changed in many aspects when the COVID-19 pandemic and the conflict in Ukraine come to an end in the future. The war in Ukraine in particular can be viewed as a major change in the movement toward globalisation.

### **Portfolio Strategy**

Based on the following criteria, we will continue to invest in stocks of companies that appear undervalued from a profitability standpoint following changes in their earnings and that are viewed positively thanks to their high dividend yields and solid financial structures.

1. Investing in undervalued companies with a great deal of potential for revaluation based on products, technologies and know-how they deploy both in Japan and overseas.
2. Investing in undervalued companies with a great deal of potential for revaluation due to their strong business organizations which are unmatched by rivals.
3. Investing in undervalued companies which have room to be re-evaluated by the market as they are close to completing sweeping structural reforms.

Given the highly volatile market environment, the risk factors we need to pay attention to may change. However, those we are currently keeping in mind as we manage the portfolio are as follows:

1. Expansion of geopolitical risk stemming from the conflict in Ukraine or other events
2. Cost-push inflation from rising commodities prices
3. Changes in monetary policy
4. Uneven pace of recovery between countries from COVID-19
5. China's response to its structural issues
6. Developments in the US-China struggle for supremacy
7. The direction of emerging market economies

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

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

### **For Hong Kong Investors**

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

Nikko Asset Management Asia Limited. Registration Number 198202562H

**NIKKO AM SHENTON JAPAN 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)

	30 June 2022 JPY'000	30 June 2021 JPY'000
<b>Income</b>		
Dividends	96,706	108,997
Interest on cash and cash equivalents	57	-
	<u>96,763</u>	<u>108,997</u>
<b>Less: Expenses</b>		
Management fee	29,627	37,818
Registrar fee	1,021	935
Custody fee	284	358
Audit fee	782	608
Valuation fee	609	773
Transaction costs	3,659	4,490
Other expenses	(8)	1,189
	<u>35,974</u>	<u>46,171</u>
<b>Net income</b>	<u>60,789</u>	<u>62,826</u>
<b>Net gains or losses on value of investments</b>		
Net (losses)/gains on investments	(77,777)	1,206,895
Net foreign exchange gains	14,277	7,199
	<u>(63,500)</u>	<u>1,214,094</u>
<b>Total (deficit)/return for the financial period before income tax</b>	<u>(2,711)</u>	<u>1,276,920</u>
<b>Less: Income tax</b>	<u>(14,810)</u>	<u>(16,693)</u>
<b>Total (deficit)/return for the financial period after income tax</b>	<u>(17,521)</u>	<u>1,260,227</u>



**NIKKO AM SHENTON JAPAN 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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	30 June 2022	31 December 2021
	JPY'000	JPY'000
<b>ASSETS</b>		
Portfolio of investments	5,615,852	5,688,788
Receivables	8,047	7,157
Cash and cash equivalents	229,018	201,481
<b>Total assets</b>	<u>5,852,917</u>	<u>5,897,426</u>
<b>LIABILITIES</b>		
Payables	22,554	26,735
<b>Total liabilities</b>	<u>22,554</u>	<u>26,735</u>
<b>EQUITY</b>		
Net assets attributable to unitholders	<u>5,830,363</u>	<u>5,870,691</u>

**NIKKO AM SHENTON JAPAN 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>JPY'000</b>	JPY'000
<b>Net assets attributable to unitholders at the beginning of the financial period/year</b>	<b>5,870,691</b>	7,511,396
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	<b>(17,521)</b>	1,466,329
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	<b>1,236,497</b>	1,475,021
Cancellation of units	<b>(1,259,304)</b>	(4,582,055)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	<b>(22,807)</b>	(3,107,034)
Total decreases in net assets attributable to unitholders	<b>(40,328)</b>	(1,640,705)
<b>Net assets attributable to unitholders at the end of the financial period/year</b>	<b>5,830,363</b>	5,870,691

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

	Holdings at 30 June 2022	Fair value at 30 June 2022 JPY'000	Percentage of total net assets attributable to unitholders at 30 June 2022 %
<b>Quoted Equities</b>			
<b>AEROSPACE/DEFENSE</b>			
Kawasaki Heavy Industries Limited	33,500	85,224	1.46
<b>Total AEROSPACE/DEFENSE</b>		<b>85,224</b>	<b>1.46</b>
<b>APPAREL</b>			
ASICS Corporation	36,500	89,535	1.54
<b>Total APPAREL</b>		<b>89,535</b>	<b>1.54</b>
<b>AUTO MANUFACTURERS</b>			
Honda Motor Company Limited	25,000	82,325	1.41
Isuzu Motors Limited	64,500	96,815	1.66
Mazda Motor Corporation	63,500	70,485	1.21
Toyota Motor Corporation	115,500	242,550	4.16
<b>Total AUTO MANUFACTURERS</b>		<b>492,175</b>	<b>8.44</b>
<b>AUTO PARTS &amp; EQUIPMENT</b>			
Denso Corporation	7,500	54,060	0.93
Musashi Seimitsu Industry Company Limited	21,000	29,211	0.50
Stanley Electric Company Limited	20,500	45,674	0.78
Toyota Industries Corporation	7,200	60,480	1.04
<b>Total AUTO PARTS &amp; EQUIPMENT</b>		<b>189,425</b>	<b>3.25</b>
<b>BANKS</b>			
Fukuoka Financial Group Incorporated	11,000	26,884	0.46
Mitsubishi UFJ Financial Group Incorporated	222,000	161,927	2.78
Mizuho Financial Group Incorporated	41,000	63,263	1.08
Resona Holdings Incorporated	95,000	48,270	0.83
Sumitomo Mitsui Financial Group Incorporated	28,000	112,896	1.94
<b>Total BANKS</b>		<b>413,240</b>	<b>7.09</b>
<b>BUILDING MATERIALS</b>			
Asia Pile Holdings Corporation	46,500	21,297	0.37
Nihon Flush Company Limited	15,500	15,454	0.26
<b>Total BUILDING MATERIALS</b>		<b>36,751</b>	<b>0.63</b>
<b>CHEMICALS</b>			
Mitsubishi Gas Chemical Company Incorporated	38,500	75,268	1.29
Mitsui Chemicals Incorporated	22,000	63,580	1.09
Nitto Denko Corporation	6,200	54,436	0.94
<b>Total CHEMICALS</b>		<b>193,284</b>	<b>3.32</b>
<b>COMMERCIAL SERVICES</b>			
Gakken Holdings Company Limited	25,500	24,327	0.42
<b>Total COMMERCIAL SERVICES</b>		<b>24,327</b>	<b>0.42</b>
<b>COMPUTERS</b>			
Fujitsu Limited	4,500	76,343	1.31
Itochu Techno-Solutions Corporation	9,500	31,588	0.54
<b>Total COMPUTERS</b>		<b>107,931</b>	<b>1.85</b>

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

	Holdings at 30 June 2022	Fair value at 30 June 2022 JPY'000	Percentage of total net assets attributable to unitholders at 30 June 2022 %
<b>Quoted Equities (continued)</b>			
<b>DISTRIBUTION/WHOLESALE</b>			
Mitsubishi Corporation	22,000	88,814	1.53
Mitsui & Company Limited	55,000	164,698	2.82
<b>Total DISTRIBUTION/WHOLESALE</b>		<b>253,512</b>	<b>4.35</b>
<b>DIVERSIFIED FINANCIAL SERVICES</b>			
Nomura Holdings Incorporated	141,000	69,922	1.20
SBI Holdings Incorporation/Japan	17,000	45,135	0.77
<b>Total DIVERSIFIED FINANCIAL SERVICES</b>		<b>115,057</b>	<b>1.97</b>
<b>ELECTRIC</b>			
Chubu Electric Power Company Incorporated	29,000	39,614	0.68
<b>Total ELECTRIC</b>		<b>39,614</b>	<b>0.68</b>
<b>ELECTRICAL COMPONENT &amp; EQUIPMENT</b>			
Furukawa Electric Company Limited	9,500	21,166	0.36
Ushio Incorporated	17,500	29,365	0.51
<b>Total ELECTRICAL COMPONENT &amp; EQUIPMENT</b>		<b>50,531</b>	<b>0.87</b>
<b>ELECTRONICS</b>			
Anritsu Corporation	17,500	25,690	0.44
Ibiden Company Limited	7,500	28,688	0.49
Japan Aviation Electronics Industry Limited	21,500	43,925	0.75
Nippon Electric Glass Company Limited	11,000	28,567	0.49
Nissha Company Limited	30,000	44,130	0.76
TDK Corporation	13,000	54,470	0.93
Wacom Company Limited	50,000	42,000	0.72
<b>Total ELECTRONICS</b>		<b>267,470</b>	<b>4.58</b>
<b>ENGINEERING AND CONSTRUCTION</b>			
JGC Holdings Corporation	55,000	96,470	1.65
Kumagai Gumi Company Limited	13,000	35,763	0.61
Penta-Ocean Construction Company Limited	116,000	84,912	1.46
Taisei Corporation	12,000	50,700	0.87
<b>Total ENGINEERING AND CONSTRUCTION</b>		<b>267,845</b>	<b>4.59</b>
<b>FOOD</b>			
Nippon Suisan Kaisha Limited	136,000	77,928	1.33
San-A Company Limited	11,500	47,150	0.81
<b>Total FOOD</b>		<b>125,078</b>	<b>2.14</b>
<b>HAND/MACHINE TOOLS</b>			
DMG Mori Company Limited	26,000	43,680	0.75
<b>Total HAND/MACHINE TOOLS</b>		<b>43,680</b>	<b>0.75</b>
<b>HOME BUILDERS</b>			
Daiwa House Industry Company Limited	15,500	49,011	0.84
<b>Total HOME BUILDERS</b>		<b>49,011</b>	<b>0.84</b>

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

	Holdings at 30 June 2022	Fair value at 30 June 2022 JPY'000	Percentage of total net assets attributable to unitholders at 30 June 2022 %
<b>Quoted Equities (continued)</b>			
<b>HOME FURNISHINGS</b>			
Panasonic Holdings Corporation	42,500	46,601	0.80
Sony Group Corporation	24,500	271,828	4.66
<b>Total HOME FURNISHINGS</b>		<b>318,429</b>	<b>5.46</b>
<b>INSURANCE</b>			
Dai-ichi Life Holdings Incorporated	11,000	27,610	0.47
<b>Total INSURANCE</b>		<b>27,610</b>	<b>0.47</b>
<b>INTERNET</b>			
Z Holdings Corporation	115,000	45,586	0.78
<b>Total INTERNET</b>		<b>45,586</b>	<b>0.78</b>
<b>IRON/STEEL</b>			
The Japan Steel Works Limited	28,500	84,018	1.44
<b>Total IRON/STEEL</b>		<b>84,018</b>	<b>1.44</b>
<b>LEISURE TIME</b>			
Globeride Incorporated	18,000	38,304	0.66
Round One Corporation	21,500	32,831	0.56
<b>Total LEISURE TIME</b>		<b>71,135</b>	<b>1.22</b>
<b>MACHINERY-CONSTRUCTION &amp; MINING</b>			
Hitachi Limited	29,000	186,702	3.20
Komatsu Limited	13,000	39,104	0.67
Tadano Limited	44,000	39,292	0.68
<b>Total MACHINERY-CONSTRUCTION &amp; MINING</b>		<b>265,098</b>	<b>4.55</b>
<b>MACHINERY-DIVERSIFIED</b>			
Ebara Corporation	8,500	43,180	0.74
Kubota Corporation	38,000	77,026	1.32
Sumitomo Heavy Industries Limited	15,500	46,423	0.80
<b>Total MACHINERY-DIVERSIFIED</b>		<b>166,629</b>	<b>2.86</b>
<b>MEDIA</b>			
Sky Perfect JSAT Holdings Incorporated	94,000	50,760	0.87
<b>Total MEDIA</b>		<b>50,760</b>	<b>0.87</b>
<b>METAL FABRICATE/HARDWARE</b>			
Ryobi Limited	14,000	14,504	0.25
<b>Total METAL FABRICATE/HARDWARE</b>		<b>14,504</b>	<b>0.25</b>
<b>MINING</b>			
Dowa Holdings Company Limited	12,500	56,313	0.97
Sumitomo Metal Mining Company Limited	18,000	76,500	1.31
<b>Total MINING</b>		<b>132,813</b>	<b>2.28</b>
<b>OFFICE/BUSINESS EQUIPMENT</b>			
Canon Marketing Japan Incorporated	10,000	28,180	0.48
Sato Holdings Corporation	9,000	16,794	0.29
<b>Total OFFICE/BUSINESS EQUIPMENT</b>		<b>44,974</b>	<b>0.77</b>

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

	Holdings at 30 June 2022	Fair value at 30 June 2022 JPY'000	Percentage of total net assets attributable to unitholders at 30 June 2022 %
<b>Quoted Equities (continued)</b>			
<b>OIL AND GAS</b>			
INPEX Corporation	56,000	82,320	1.41
<b>Total OIL AND GAS</b>		<b>82,320</b>	<b>1.41</b>
<b>PHARMACEUTICALS</b>			
Astellas Pharma Incorporated	41,000	86,715	1.49
Takeda Pharmaceutical Company Limited	24,500	93,541	1.61
Tsumura & Company	6,000	18,270	0.31
<b>Total PHARMACEUTICALS</b>		<b>198,526</b>	<b>3.41</b>
<b>REAL ESTATE</b>			
Mitsubishi Estate Company Limited	24,000	47,256	0.81
Nomura Real Estate Holdings Incorporated	21,500	71,488	1.23
Tokyu Fudosan Holdings Corporation	105,000	74,970	1.28
<b>Total REAL ESTATE</b>		<b>193,714</b>	<b>3.32</b>
<b>RETAIL</b>			
Iwatani Corporation	5,000	26,150	0.45
J Front Retailing Company Limited	75,000	87,000	1.49
Kojima Company Limited	37,500	24,525	0.42
Snow Peak Incorporated	25,000	67,850	1.16
United Arrows Limited	30,000	62,730	1.08
<b>Total RETAIL</b>		<b>268,255</b>	<b>4.60</b>
<b>SEMICONDUCTORS</b>			
ROHM Company Limited	7,200	68,112	1.17
SUMCO Corporation	15,000	26,385	0.45
<b>Total SEMICONDUCTORS</b>		<b>94,497</b>	<b>1.62</b>
<b>TELECOMMUNICATIONS</b>			
KDDI Corporation	19,000	81,491	1.40
Nippon Telegraph & Telephone Corporation	40,000	155,840	2.67
Softbank Group Corporation	18,000	94,230	1.62
<b>Total TELECOMMUNICATIONS</b>		<b>331,561</b>	<b>5.69</b>
<b>TOYS/GAMES/HOBBIES</b>			
Nintendo Company Limited	3,500	205,380	3.52
Sanrio Company Limited	12,000	37,020	0.64
<b>Total TOYS/GAMES/HOBBIES</b>		<b>242,400</b>	<b>4.16</b>
<b>TRANSPORTATION</b>			
Mitsui OSK Lines Limited	24,500	76,073	1.31
Nishi Nippon Railroad Company Limited	9,500	27,560	0.47
Seibu Holdings Incorporated	25,000	35,700	0.61
<b>Total TRANSPORTATION</b>		<b>139,333</b>	<b>2.39</b>
<b>Total Quoted Equities</b>		<b>5,615,852</b>	<b>96.32</b>
<b>Portfolio of investments</b>		<b>5,615,852</b>	<b>96.32</b>
<b>Other net assets</b>		<b>214,511</b>	<b>3.68</b>
<b>Net assets attributable to unitholders</b>		<b>5,830,363</b>	<b>100.00</b>

## NIKKO AM SHENTON JAPAN FUND

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

### STATEMENT OF PORTFOLIO

As at 30 June 2022 (unaudited)

#### By Industry (Summary)

	Percentage of total net assets attributable to unitholders at 30 June 2022 %	Percentage of total net assets attributable to unitholders at 31 December 2021 %
<b>Quoted Equities</b>		
Aerospace/Defense	1.46	0.85
Apparel	1.54	1.48
Auto Manufacturers	8.44	8.71
Auto Parts & Equipment	3.25	2.88
Banks	7.09	6.35
Building Materials	0.63	1.19
Chemicals	3.32	2.16
Commercial Services	0.42	0.45
Computers	1.85	1.24
Distribution/Wholesale	4.35	3.49
Diversified Financial Services	1.97	2.26
Electric	0.68	1.24
Electrical Component & Equipment	0.87	1.02
Electronics	4.58	7.16
Engineering and Construction	4.59	3.00
Environmental Control	-	0.47
Food	2.14	3.25
Hand/Machine Tools	0.75	0.84
Home Builders	0.84	0.82
Home Furnishings	5.46	6.81
Insurance	0.47	1.96
Internet	0.78	1.84
Iron/Steel	1.44	1.22
Leisure Time	1.22	1.08
Machinery-Construction & Mining	4.55	5.26
Machinery-Diversified	2.86	3.09
Media	0.87	0.46
Metal Fabricate/Hardware	0.25	0.26
Mining	2.28	2.82
Office/Business Equipment	0.77	1.79
Oil and Gas	1.41	1.45
Pharmaceuticals	3.41	2.06
Real Estate	3.32	1.68
Retail	4.60	3.65
Semiconductors	1.62	2.39
Telecommunications	5.69	4.06
Toys/Games/Hobbies	4.16	3.46
Transportation	2.39	2.70
Total Quoted Equities	<b>96.32</b>	<b>96.90</b>
<b>Portfolio of investments</b>	<b>96.32</b>	<b>96.90</b>
<b>Other net assets</b>	<b>3.68</b>	<b>3.10</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

As the Fund is invested wholly into Japanese equities, it is not meaningful to classify the investments into geography.

## NIKKO AM SHENTON JAPAN 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 9 to 13.

#### 2. Credit rating of debt securities

Nil.

#### 3. Top 10 holdings

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

	Fair value JPY'000	Percentage of total net assets attributable to unitholders %
Sony Group Corporation	271,828	4.66
Toyota Motor Corporation	242,550	4.16
Nintendo Company Limited	205,380	3.52
Hitachi Limited	186,702	3.20
Mitsui & Company Limited	164,698	2.82
Mitsubishi UFJ Financial Group Incorporated	161,927	2.78
Nippon Telegraph & Telephone Corporation	155,840	2.67
Sumitomo Mitsui Financial Group Incorporated	112,896	1.94
Isuzu Motors Limited	96,815	1.66
JGC Holdings Corporation	96,470	1.65

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

	Fair value JPY'000	Percentage of total net assets attributable to unitholders %
Sony Corporation	308,228	4.40
Nintendo Company Limited	271,404	3.88
Toyota Motor Corporation	262,170	3.75
Hitachi Limited	260,801	3.73
Mitsubishi UFJ Financial Group Incorporated	172,769	2.47
Mitsui & Company Limited	166,283	2.38
Nippon Telegraph & Telephone Corporation	152,830	2.18
KDDI Corporation	150,035	2.15
Fujifilm Holdings Corporation	144,183	2.06
Isuzu Motors Limited	139,365	1.99

#### 4. Exposure to financial derivatives

Nil.



## NIKKO AM SHENTON JAPAN 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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#### 5. Global exposure to financial derivatives

Nil.

#### 6. Collateral

Nil.

#### 7. Securities lending or repurchase transactions

Nil.

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

Nil.

#### 9. Borrowings

Nil.

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

	JPY'000
Units created	1,236,497
Units cancelled	(1,259,304)

#### 11. Turnover ratio

		30 June 2022	30 June 2021
Lower of total value of purchases or sales	JPY'000	1,301,459	819,484
Average daily net asset value	JPY'000	5,916,411	7,645,495
<b>Total turnover ratio<sup>1</sup></b>	<b>%</b>	<b>22.00</b>	<b>10.72</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	JPY'000	69,776	78,363
Average daily net asset value	JPY'000	6,321,713	7,240,845
<b>Total expense ratio<sup>2</sup></b>	<b>%</b>	<b>1.10</b>	<b>1.08</b>

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

## NIKKO AM SHENTON JAPAN FUND

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### REPORT TO UNITHOLDERS

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

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#### 13. Related party transactions

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

Management fee is payable to the Manager. Trustee fee is payable out of management fees by Nikko Asset Management Asia Limited to BNP Paribas Trust Services Singapore Limited. Registrar fee is 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 JPY'000</b>	31 December 2021 JPY'000
Bank balances held with related party of the Trustee	<b>229,018</b>	201,481

#### 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 Fund.



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