



# **Nikko AM Shenton Income Fund**

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Balancing recurring income with capital preservation

# Capturing Asian bond opportunities, with the focus on generating stable income

The Nikko AM Shenton Income Fund invests in Asian hard currency and local currency bonds across governments, quasi-governments, and corporate issues, both investment grade and high yield, to deliver the Fund's return objectives. It is managed with the SGD-denominated investor in mind, taking active currency positions with SGD as the base currency.

## Key highlights



### Regular income

The Fund seeks to provide consistent distributions through monthly dividend payments<sup>1</sup>



### Absolute return focus

This enables the Fund to capture alpha opportunities through credit, currency and duration



### Proven track record

The Fund has prevailed over several market crises since its inception in 1989

## 1. Holistic investment approach to Asian Fixed Income

The Nikko AM Shenton Income Fund has no benchmark constraints, giving the team flexibility to generate returns through the building blocks of Credit, Currency and Duration.

Building blocks of the Nikko AM Shenton Income Fund	
Credit	Currency
<ul style="list-style-type: none"><li>— Mainly USD and SGD bonds</li><li>— Investment grade bonds and high yield bonds</li></ul>	<ul style="list-style-type: none"><li>— Actively manage foreign currency exposure to maximise returns in SGD</li><li>— This is done through a combination of investing in bonds directly or through Nikko AM fixed income funds at the Manager's discretion to achieve diversification</li></ul>
<b>Active Duration Management</b> The Fund Manager actively manages the portfolio duration in order to adjust the Fund's price sensitivity to interest rate changes	

Using this approach, the weights of the 3 components are adjusted accordingly to generate the best possible returns for investors across market cycles.

*Glossary:*

**Investment grade:** Bonds that are rated BBB- and above.

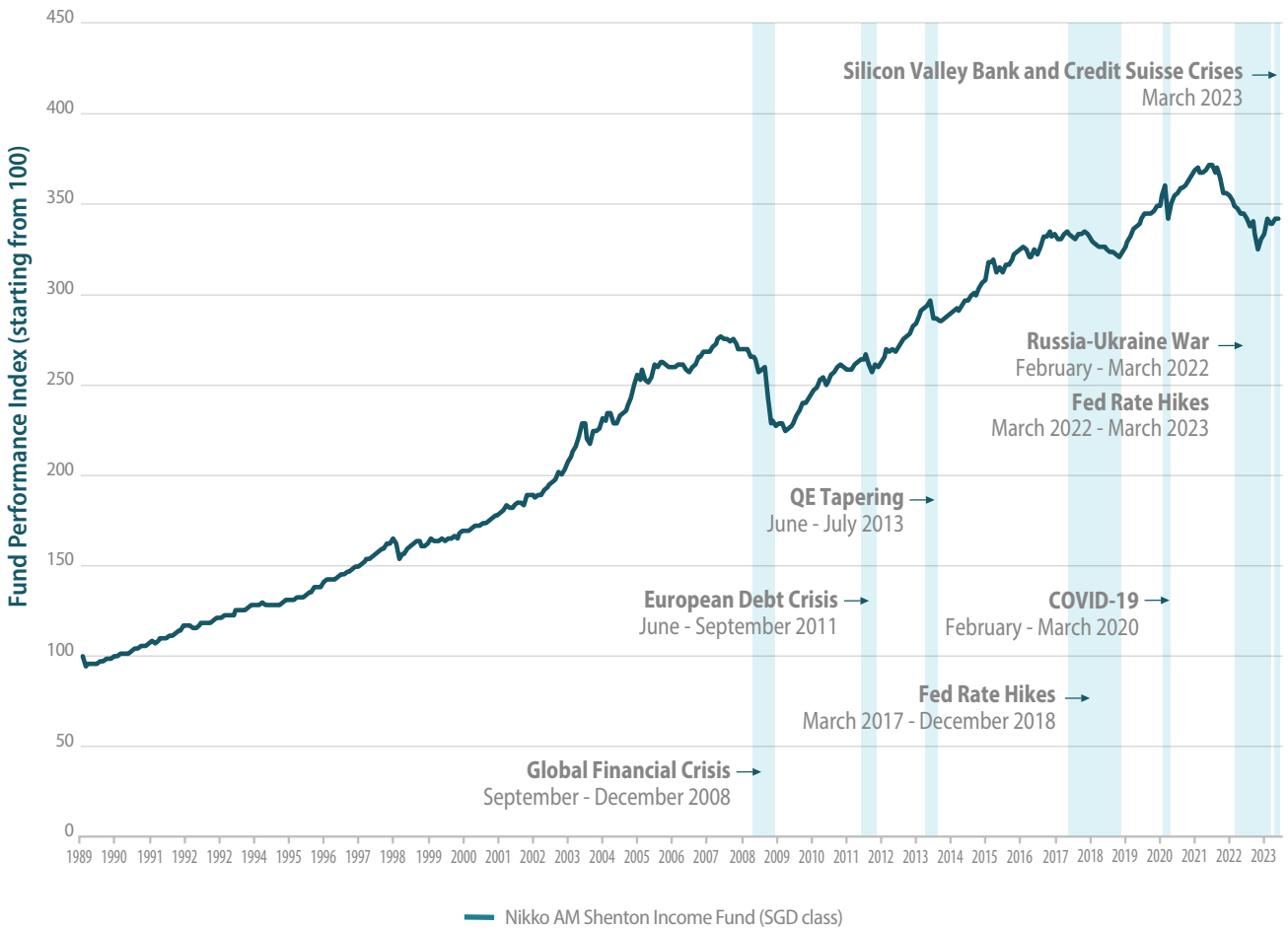
**Duration:** Duration measures the bond's or bond fund's price sensitivity to interest rate changes. Duration is measured in years. Generally, the higher the duration of a bond or a bond fund (meaning the longer one needs to wait for the payment of coupons and return of principal), the more its price will be affected by interest rate changes.

**Hard currency:** Hard currency refers to money that is generally issued by developed countries, globally traded, and by a nation that is seen as politically and economically stable. Hard currency for this Fund is mainly USD.

## 2. Focus on delivering returns in all market conditions

The Fund (SGD Class) has prevailed over several market crises and achieved in annualised returns of 3.65% (and cumulative returns of 243%) since its inception on 31 January 1989.

The Fund’s investment philosophy is premised on capital preservation with a focus on delivering stable returns.



Source: Nikko AM Asia and Morningstar. Returns are for the SGD Class as of 31 May 2023 in SGD. Inception date of the SGD Class is 31 January 1989. Returns of the Fund are calculated on a NAV-NAV (net of fees and charges) basis and assuming all dividends and distributions are reinvested, if any. **Past performance is not indicative of future performance.**

### 3. Regular income distribution

The Manager intends to make monthly distributions of 4 - 6% per annum of NAV per unit while aiming to achieve returns in excess of 4% per annum<sup>2</sup> over the medium to long term.



This relates to the distribution policy as set out in the Fund's Prospectus. Distributions are not guaranteed and are at the absolute discretion of the Managers. If the investment income is insufficient to fund a distribution for the Fund, the Managers may determine that such distributions should be paid from the capital of the Fund. Any distribution is expected to result in an immediate reduction of the Fund's net asset value per unit. Please refer to the Fund prospectus and Product Highlights Sheet for further details.

<sup>2</sup>There can be no assurance that the returns stated in the investment objective will be achieved and therefore should not be relied upon.

#### Dividend payout

For the month ended	Ex-dividend date	Dividend distribution (per unit in SGD)
31 May 2022	1 June 2022	\$0.0038
30 June 2022	1 July 2022	\$0.0037
29 July 2022	1 August 2022	\$0.0036
31 August 2022	1 September 2022	\$0.0037
30 September 2022	3 October 2022	\$0.0036
31 October 2022	1 November 2022	\$0.0035
30 November 2022	1 December 2022	\$0.0035
30 December 2022	3 January 2023	\$0.0035
31 January 2023	1 February 2023	\$0.0036
28 February 2023	1 March 2023	\$0.0036
31 March 2023	3 April 2023	\$0.0036
28 April 2023	2 May 2023	\$0.0036

Source: Nikko AM Asia, as of 30 April 2023. Past payouts do not represent future payouts.

## Who is the Fund suitable for?

The Fund is only suitable for investors who:

- seek regular income distributions and returns in excess of 4% per annum<sup>2</sup> over the medium to long term;
- seek exposure to fixed income instruments primarily issued by governments and corporations within the Asia Pacific region; and
- are willing and able to accept that their principal will be at risk

**You should consult your financial advisors if in doubt about whether this product is suitable for you.**

## Key risks of investing in Nikko AM Shenton Income Fund

The value of the Fund and its distributions (if any) may rise or fall. The following are key risk factors that may cause you to lose some or all of your investment:

- Market risk in the global markets
- Currency risks
- Interest rate and credit risk
- Liquidity risks
- Product-specific risks
  - Foreign securities risk including investing into the mainland China onshore market via Bond Connect
  - Derivatives risk

**You should be aware that your investment in the Fund may be exposed to other risks of an exceptional nature from time to time. Please refer to the Fund Prospectus and Product Highlights Sheet for further information on risks of the Fund.**

## Fund information

<b>Investment objective</b>	With effect from 2 January 2013, the investment objective of the Fund is to provide regular income distributions <sup>1</sup> while seeking to achieve returns in excess of 4% per annum <sup>2</sup> over the medium to long term. The Fund will invest in a portfolio of bonds, money market instruments and currencies both in Singapore and in other global markets, taking into consideration the need for capital preservation. The assets of the Fund are invested in 4 categories of fixed income instruments: investment grade bonds, noninvestment grade bonds, local currency denominated bonds and convertible bonds, that are primarily issued by governments and corporations within the Asia Pacific region.  The Fund is actively managed to capture swings in interest rate and currency trends. The Managers may invest any portion of the assets in the Fund as they see fit into Nikko AM Asia Investment Funds - Nikko AM Shenton Asia Bond Fund at their absolute discretion to achieve its investment objective. Nikko AM Asia Investment Funds - Nikko AM Shenton Asia Bond Fund is also managed by the Managers.	
	<b>SGD class</b>	<b>USD class</b>
<b>Launch date</b>	31 January 1989	2 August 2004
<b>Fund currency</b>	SGD	
<b>Launch price</b>	SGD 1.00	USD 1.00
<b>Subscription mode</b>	Cash, SRS, Regular Savings Plan (RSP)	Cash
<b>Minimum investment</b>	SGD 1,000 (Initial); SGD 100 (Subsequent)	USD 1,000 (Initial); USD 100 (Subsequent)
<b>Initial sales charge</b>	Up to 5%	Up to 5%
<b>Management fee</b>	1% p.a.	1% p.a.
<b>ISIN code</b>	SG9999004345	SG9999004352
<b>Bloomberg ticker</b>	DBSSIFI SP	DBSSIFU SP

<sup>1</sup>Distributions are not guaranteed and are at the absolute discretion of the Managers. If the investment income is insufficient to fund a distribution for the Fund, the Managers may determine that such distributions should be paid from the capital of the Fund. Any distribution is expected to result in an immediate reduction of the Fund's net asset value per unit. Please refer to the Fund Prospectus and Product Highlights Sheet for further details.

<sup>2</sup>There can be no assurance that the returns stated in the investment objective will be achieved and therefore should not be relied upon.



Find out more on [nikkoam.com.sg/funds](http://nikkoam.com.sg/funds)

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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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