



## **Nikko AM Shenton Short Term Bond Fund**

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Strengthen your portfolio with quality  
short duration bonds

# Why invest in the Nikko AM Shenton Short Term Bond Fund?

The Nikko AM Shenton Short Term Bond Fund invests in a diversified portfolio of quality short duration bonds and money market instruments. It aims to seek preservation of capital and liquidity and to outperform the Singapore Interbank Offered Rate (SIBOR).

Nikko AM Shenton Short Term Bond Fund (SGD class) won the "Best-in-Class" accolade at the Benchmark Fund of the Year Awards 2022 in the Asia Fixed Income category, Singapore region.

Benchmark Awards 2022



Best-in-Class: Asia Fixed Income

## 1. Diverse range of quality short duration bonds

### High quality credits

The Fund invests primarily in a diversified portfolio of investment grade (BBB- and above) credits, with an average credit rating of A<sup>1</sup>. Credit quality is important as it measures the individual or company's creditworthiness, or the ability to repay its debt. Knowing the bond's credit quality gives an indication to an investor on the level of credit risk.



<sup>1</sup>Source: Nikko AM Asia, 31 March 2023. Cash is included in the calculation of the average credit rating and is rated as AAA regardless of currencies held. The credit ratings of the underlying fixed income securities are determined by S&P or Moody's, and where official credit ratings are unavailable, Nikko AM Asia's internal credit ratings are used.

### Focused on short duration positioning

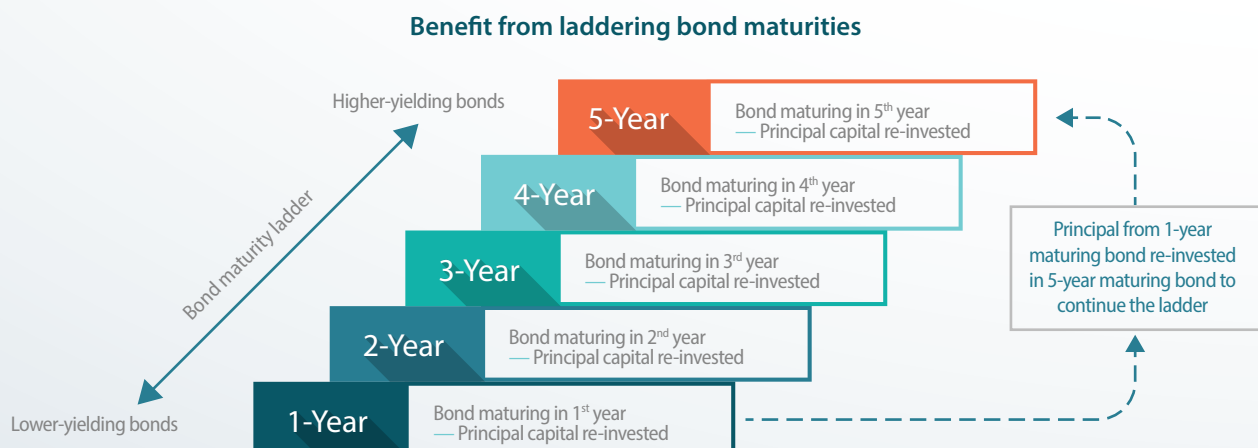
The Fund invests mainly in short term bonds with less than 5 years to maturity. The weighted average duration of the Fund is 1.04 years<sup>2</sup>. Duration indicates the years it takes to receive a bond's true cost, weighing in the present value of all future coupon and principal payments. Bonds with shorter maturity dates are typically less sensitive to interest rate fluctuations. The downside of long-term bonds is that they lack the flexibility that a short-term bond offers. If interest rates rise, for instance, the value of a long-term bond will usually go down, as investors would have been locked-in at a low rate for the long haul.

<sup>2</sup>Source: Nikko AM Asia, 31 March 2023. Weighted average duration (years) is an average duration weighted with capitalisation, and the figure is for reference only and would vary from time to time due to market conditions.

## 2. Short-term bond laddering strategy mitigates interest rate risk

Bond laddering is a strategic approach used by the Fund to mitigate the potential risks related to buying individual bonds and smoothing out the effect of fluctuations in interest rates. The Fund invests into a portfolio of short duration bonds with different maturities that are less than 5 years; by staggering the maturity year of the bonds, this enables investors to ride out the waves of changes in interest rates in the market.

For instance, if the rates are falling, the maturity proceeds can be used to buy longer term bonds where the rates are higher than the shorter ones (as shown in the diagram below which is for illustrative purposes only).





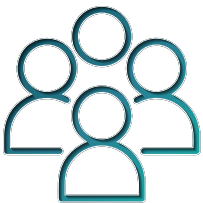
### 3. Strong credit philosophy premised on capital preservation

Nikko AM Asian Fixed Income Team's credit philosophy is premised on capital preservation and thorough credit research to protect our investors' portfolios. Security selection through our time-honed credit research and independent internal credit rating model is where we differentiate ourselves. Our team's proven track record demonstrates our capital preservation philosophy.



### 4. Prudent management and careful credit selection

The Fund aims to provide yield enhancement to fixed deposit returns by investing primarily in bonds that are Investment Grade (bonds rated BBB and above), excluding perpetual bonds, and focuses on prudent duration management.



### 5. One of the most experienced Asian fixed income managers

We have a long history of managing Asian Fixed Income Funds and are one of the largest Asian Fixed Income teams in Singapore, with 16 investment professionals averaging 14 years of experience. Senior members of the team average 20 years' experience and have been with the firm for over 12 years.

Source: Nikko AM Asia, 31 March 2023

#### Who is the Fund suitable for?

The Fund is only suitable for investors who:

- seek an investment that seeks to preserve their investment and provides a potentially higher income yield compared to the Singapore Interbank Offer Rate (SIBOR);
- seek exposure to short-term bonds and money market instruments; 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 Short Term Bond Fund

The value of the Fund 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
- Interest rate and credit risk
- Currency risks
- Currency hedged class risk
- Liquidity risks
- Product-specific risks
  - i. Foreign securities risk
  - ii. 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

Investment objective	<p>The investment objective of the Fund is to seek preservation of capital and liquidity and consistent with this objective, to outperform the Singapore Interbank Offered Rate (SIBOR) by investing in a diversified portfolio of good quality, short-term bonds and money market instruments. There is no target industry or sector and the Fund is not country-specific.</p> <p>(Please note that for the AUD Hedged Class and the USD Hedged Class, the Managers intend to hedge the currency exposure of the assets of the Fund attributable to (a) the AUD Hedged Class into AUD and (b) the USD Hedged Class into USD, through the use of currency forwards. Consequently, the NAV per Unit of each of the AUD Hedged Class and the USD Hedged Class will take into account any gains or losses arising from the use of the currency forwards in respect of the relevant Class.)</p>		
	SGD class	AUD hedged class	USD hedged class
Benchmark	3-Months SIBOR		
Launch date	29 September 2000	23 September 2011	15 September 2016
Fund currency	SGD		
Launch price	SGD 1.00	AUD 1.00	USD 1.00
Subscription mode	Cash, SRS, CPFIS-OA <sup>#</sup> , CPFIS-SA <sup>#</sup> , Regular Savings Plan (RSP)	Cash, SRS	Cash
Minimum investment	SGD 1,000 (Initial); SGD 100 (Subsequent)	AUD 5,000 (Initial); AUD 500 (Subsequent)	USD 1,000 (Initial); USD 100 (Subsequent)
Initial sales charge	Non-CPF subscription: Up to 1.00% p.a. CPF subscription: Nil	Up to 1.00% p.a.	Up to 1.00% p.a.
Management fee	0.30% p.a.	0.50% p.a.	0.30% p.a.
ISIN code	SG9999004212	SG9999007967	SG9999015572
Bloomberg ticker	DBSENHI SP	DBSENHA SP	NIKSBUH SP

<sup>#</sup>The Fund (SGD class) is included under the CPF Investment Scheme ("CPFIS") - Ordinary Account and the CPFIS - Special Account and is classified under the Low to Medium Risk - Broadly Diversified category.



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

Tel: +65-6500-5700, 1-800-535-8025 | Email: [SGContactUs@nikkoam.com](mailto:SGContactUs@nikkoam.com)

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

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**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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