

This Product Highlights Sheet is an important document.

- It highlights the key terms and risks of this investment product and complements the Prospectus<sup>1</sup>.
- It is important to read the Prospectus before deciding whether to purchase the product. If you do not have a copy, please contact us to ask for one.
- You should not invest in the product if you do not understand it or are not comfortable with the accompanying risks.
- If you wish to purchase the product, you will need to make an application in the manner set out in the Prospectus.

## NikkoAM-ICBCSG China Bond ETF (the “Fund”)

SGX counter name (SGX stock code) <sup>2</sup>	<b>RMB Class Units</b> Primary Currency: NikkoAM-ICBCSG CNB CNY (stock code: ZHY) Secondary Currency: NikkoAM-ICBCSG CNB US\$ (stock code: ZHD) <b>SGD Class Units</b> NikkoAM-ICBCSG CNB S\$ (stock code: ZHS)	SGX-ST Listing Date	24 November 2020
Product Type	Exchange Traded Fund The Units are Excluded Investment Products	Designated Market Makers	Flow Traders Asia Pte. Ltd., Phillip Securities Pte Ltd and CLSA Singapore Pte Ltd
Manager / Issuer	Nikko Asset Management Asia Limited	Underlying Reference Asset	ChinaBond ICBC 1-10 Year Treasury and Policy Bank Bond Index
Expense Ratio (for Exchange-traded Funds)	RMB Class Units and SGD Class Units: 0.30% <sup>3</sup>	Traded Currencies	RMB Class Units: RMB and USD SGD Class Units: SGD
		Board Lot Size	1 Unit

### PRODUCT SUITABILITY

#### WHO IS THE PRODUCT SUITABLE FOR?

- The Fund is only suitable for investors who:
  - seek long term capital growth;
  - believe that the Index will increase in value;
  - are willing and able to accept that their principal will be at risk; and
  - seek an “index-based” approach to investing in a portfolio of Chinese treasury bonds and bonds issued by the 3 Chinese policy banks in a cost effective and easy to access manner.

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

#### Further Information

Refer to Section VI of the Prospectus for further information on product suitability.

### KEY PRODUCT FEATURES

#### WHAT ARE YOU INVESTING IN?

- You are investing in an exchange traded fund constituted in Singapore that aims to provide investors with investment returns that correspond closely to the total return of the Index, before fees and expenses.
- The Index is compiled and calculated by ChinaBond Pricing Center Co., Ltd. and aims to track the performance of the Chinese treasury bonds and bonds issued by the 3 Chinese policy banks. The Index is reviewed and rebalanced monthly on the first Business Day of each month.

Refer to Sections I and VI of the Prospectus for further information on features of the product. The published figures for the

<sup>1</sup> The Prospectus is available for collection at the Manager’s business address at 12 Marina View, #18-02, Asia Square Tower 2, Singapore 018961 during usual business hours or accessible at [www.nikkoam.com.sg](http://www.nikkoam.com.sg).

<sup>2</sup> Subject to change by the SGX-ST from time to time.

<sup>3</sup> Audited expense ratio for the financial year ended 31 December 2022.

<ul style="list-style-type: none"> <li>• Unlike “actively managed” unit trusts and mutual funds, the Manager does not attempt to outperform the Index nor does it seek temporary defensive positions when markets decline or appear overvalued by some standards.</li> <li>• Distributions, if any, will be determined by the Manager. The Manager currently intends to make semi-annual distributions for SGD Class Units, less the expenses of such Class, to Holders around January and July of each year. In addition to distributions to Holders out of distributable income and/or capital gains, the Manager may make distributions to Holders out of the capital of the Deposited Property. Where distributions are paid out of capital, the NAV of the Class will be reduced and this will be reflected in the redemption price of the Units of such Class. Holders redeeming their Units may therefore receive an amount less than their initial investment. Currently, no distributions will be made for the RMB Class Units. The RMB Class Units is suitable for investors who prefer not to receive distributions, whereas the SGD Class Units is suitable for investors who prefer to receive distributions.</li> <li>• The base currency of the Fund is RMB and the Fund will issue Units denominated in RMB (for RMB Class Units) and SGD (for SGD Class Units).</li> </ul>	<p>value of the Index, a description of the Index methodology and latest information is available at <a href="http://www.yield.chinabond.com.cn">www.yield.chinabond.com.cn</a>.</p>
<b>Investment Strategy</b>	
<ul style="list-style-type: none"> <li>• The Fund will seek to achieve its investment objective by adopting a representative sampling strategy or similar strategy. Representative sampling is a strategy of investing in a representative sample of securities in the Index which have a similar investment profile as that of the Index. The Manager may invest in certain securities that are not included in the Index ("non-Index Securities") but have aggregate characteristics (such as yield and duration) similar to those of the Index. The Fund will generally not hold all the securities that are included in the Index.</li> <li>• The Fund is designed for investors who seek an "index-based" approach to investing in a portfolio of Chinese treasury bonds and bonds issued by the 3 Chinese policy banks in a cost effective and easy to access manner.</li> <li>• The Manager will rebalance the Fund's portfolio of investments from time to time to reflect any changes to the composition of, or the weighting of securities in the Index with a view to minimising tracking error of the Fund's overall returns relative to the performance of the Index. Such rebalancing may be in the form of investments in non-Index Securities.</li> </ul>	<p>Refer to Section VI of the Prospectus setting out the description of the investment strategy of the Fund.</p>
<b>Parties Involved</b>	
<p><b>WHO ARE YOU INVESTING WITH?</b></p> <ul style="list-style-type: none"> <li>• The Manager is <b>Nikko Asset Management Asia Limited</b>.</li> <li>• The Investment Advisor is <b>Industrial and Commercial Bank of China Limited, Singapore Branch</b></li> <li>• The Trustee is <b>DBS Trustee Limited</b>.</li> <li>• The Custodian is <b>DBS Bank Limited</b>.</li> </ul>	<p>Refer to Sections II and III of the Prospectus for further information on the role and responsibilities of these entities and what happens if they become insolvent.</p>
<b>KEY RISKS</b>	
<p><b>WHAT ARE THE KEY RISKS OF THIS INVESTMENT?</b></p> <p><b>You should be aware that the price of Units can go down as well as up. The value of the product and its dividends or coupons may rise or fall. The following are key risk factors that may cause you to lose some or all of your investment:</b></p>	<p>Refer to Section IX of the Prospectus for further information on risks of the product.</p>
<b>Market and Credit Risks</b>	
<ul style="list-style-type: none"> <li>• <b>Units may trade at prices other than NAV</b> <ul style="list-style-type: none"> <li>◦ The secondary market price of Units may sometimes trade above or below the NAV per Unit. This deviation is dependent on various factors but will be</li> </ul> </li> </ul>	

<p>accentuated when there is a large imbalance between market supply and demand for Units on the SGX-ST. There is a risk that you may not be able to buy or sell at a price close to the NAV per Unit.</p> <ul style="list-style-type: none"> <li>• <b>You are exposed to market risk</b> <ul style="list-style-type: none"> <li>○ The price of securities comprised in the portfolio of the Fund and the Units, and the income from them, may be influenced by political and economic conditions, changes in interest rates, the sovereign rating of the PRC, the earnings of the Chinese policy banks whose bonds are comprised in the portfolio and the market's perception of the securities.</li> </ul> </li> </ul>	
<b>Liquidity Risks</b>	
<ul style="list-style-type: none"> <li>• <b>You are exposed to liquidity risk</b> <ul style="list-style-type: none"> <li>○ The extent of market liquidity is dependent on the size and state of the markets and therefore affects the Fund's ability to acquire or dispose of securities at the price and time it so desires. The Chinese treasury banks and Chinese policy bank bonds trade over-the-counter (OTC) on the China Interbank Bond Market (CIBM). Depending on the quotes available on the CIBM, the bonds may be thinly traded and illiquid and may result in redemption prices which adversely affect the NAV of the Fund.</li> </ul> </li> <li>• <b>You should be aware there is a minimum creation and redemption size</b> <ul style="list-style-type: none"> <li>○ Units will only be issued or redeemed in-kind at the Manager's discretion in Creation Unit or Redemption Unit aggregations (currently 20,000,000 Units, and multiples thereof) or in cash at a minimum of 50,000 Units (or such other higher number of Units in multiples of 1,000) by or through Participating Dealers.</li> <li>○ If you do not hold the minimum redemption number of Units (i.e. 50,000 Units), you will only be able to realise the value of your Units by selling your Units on the SGX-ST at the prevailing trading price of the Units.</li> <li>○ However, do note that the Participating Dealers are under no obligation to redeem your Units.</li> </ul> </li> <li>• <b>Trading in Units on SGX-ST may be suspended or even delisted</b> <ul style="list-style-type: none"> <li>○ You will not be able to purchase or sell Units on the SGX-ST during any period that the SGX-ST suspends trading in the Units. Subject to the provisions of the CIS Code, the creation and redemption of Units will also be suspended if the trading of Units on the SGX-ST is suspended.</li> <li>○ The Fund may not be able to continue to meet the requirements necessary to maintain the listing of Units on the SGX-ST. The Fund may be terminated if Units are delisted from the SGX-ST.</li> </ul> </li> </ul>	<p>Refer to Sections IX and XIII of the Prospectus for situations in which trading of Units may be suspended.</p>
<b>Product-Specific Risks</b>	
<ul style="list-style-type: none"> <li>• <b>You are exposed to interest rate risk and credit risk</b> <ul style="list-style-type: none"> <li>○ Investments in bonds and other debt securities are subject to interest rate fluctuations and credit risks, such as risk of default by the issuer, adverse changes in general economic conditions and the financial condition of the issue, which may impair the issuer's ability to make payments of interest and principal, resulting in a possible default by the issuer.</li> </ul> </li> <li>• <b>You are exposed to tracking error risk</b> <ul style="list-style-type: none"> <li>○ Changes in the NAV of the Fund are unlikely to replicate exactly changes in the Index due to various factors, especially since the Fund adopts a representative sampling strategy and does not hold all the securities in the Index. The Fund's returns may therefore deviate from those of the Index.</li> </ul> </li> <li>• <b>Risk associated with the investment strategy of the Fund/Lack of discretion by Manager to adapt to market changes</b> <ul style="list-style-type: none"> <li>○ Unlike "actively managed" unit trusts and mutual funds, in its management of the Fund, the Manager does not attempt to outperform the Index nor does it seek temporary defensive positions when markets decline or appear overvalued by some standards. Accordingly, a fall in the Index may result in a corresponding fall in the NAV of the Fund.</li> </ul> </li> <li>• <b>You are exposed to currency risk</b> <ul style="list-style-type: none"> <li>○ In the event that any investments of the Fund are denominated in a currency other than the currency in which the relevant Class of the Fund is denominated, fluctuations in the exchange rates of the currency of the investment against the currency of denomination of the relevant Class may affect the net asset value of</li> </ul> </li> </ul>	

the relevant Class. The Manager reserves the discretion to hedge, whether fully, partially or not at all, the currency exposure of the assets of the Fund that are attributable to any of the Classes to the relevant currency in which it is denominated. In the event that any such currency exposure is hedged, an active hedging strategy is usually adopted.

- **You are exposed to risks associated with investment in mainland China**
  - RMB Currency Risks: RMB is not a freely convertible currency as it is subject to foreign exchange control policies of the PRC government. Any devaluation of the RMB could adversely affect the value of investors' investments in the Fund. Investors whose base currency is not the RMB may be adversely affected by changes in the exchange rates of the RMB.

**You should be aware that your investment in the Fund may be exposed to other risks of an exceptional nature from time to time.**

**FEES AND CHARGES**

**WHAT ARE THE FEES AND CHARGES OF THIS INVESTMENT?**

**Payable directly by you**

- **For purchase and sale of Units on the SGX-ST using cash or SRS monies**
  - If you deal on the SGX-ST, you will typically not bear any costs related to the creation and redemption of Units. However, you will need to pay brokers' commissions, clearing fees and other costs associated with dealing on the SGX-ST. These amounts are subject to your individual agreement with, and are paid directly by you to, your broker, the CDP and your other service providers (including SRS operators).
- **For subscription and/or redemption of Units in cash by or through Participating Dealers**
  - Duties and Charges of up to 0.50% of the subscription or redemption amount (as the case may be) will be payable to the Fund. Normal brokerage and other fees apply.
- **For subscription and/or redemption of Units in-kind by or through Participating Dealers**
  - Transaction fee for each creation or redemption request is currently SGD1,000 per request (Maximum: SGD5,000 per request). Normal brokerage and other fees apply.

**Payable by the Fund from invested proceeds**

- **The Fund will have to pay the following fees and charges to the Manager, Trustee and other parties:**

<b>Management Fee</b>	0.15% per annum of the Deposited Property; Maximum: 0.35% per annum of the Deposited Property. The Management Fee is retained by the Manager as the Manager does not pay any trailer fees with respect to the Fund.
<b>Trustee Fee and Registrar Fee</b>	0.02% per annum of the Deposited Property; Maximum: 0.10% per annum of the Deposited Property. Subject to a monthly minimum fee of SGD1,500.
<b>Custodian Fee</b>	0.023% per annum of the Deposited Property. Subject to a monthly minimum fee of SGD2,000.
<b>Administration Fee</b>	0.019% per annum of the Deposited Property. Subject to a monthly minimum fee of SGD2,000.
<b>Other Fees and Charges</b>	Other fees and charges, including inter alia auditors' fees may each amount to or exceed 0.10% per annum, depending on the proportion that each fee or charge bears to the Deposited Property.

- The Manager intends to cap the total expense ratio of the Fund at 0.30% per annum of the Deposited Property. Any fees and expenses that are payable by the Fund and are in excess of 0.30% per annum of the Deposited Property will be borne by the Manager and not the Fund.

Refer to Section VIII of the Prospectus for further information on fees and charges.

**CONTACT INFORMATION**

**HOW DO YOU CONTACT US?**  
 You may contact our approved distributors listed on our website at [www.nikkoam.com.sg](http://www.nikkoam.com.sg) or call Nikko Asset Management Asia Limited at 1800 535 8025.

<b>APPENDIX: GLOSSARY OF TERMS</b>	
CDP	means The Central Depository (Pte) Limited.
Chinese policy banks	refers to the Agricultural Development Bank of China, the China Development Bank and the Export-Import Bank of China, which are wholly owned by the Chinese government (through the Ministry of Finance and various investment companies) and under direct jurisdiction of the State Council of China to implement economic policies of the Chinese government.
CIS Code	means the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore pursuant to the Securities and Futures Act 2001, as may be amended, modified, or supplemented from time to time by the Monetary Authority of Singapore.
Class	means RMB Class Units (denominated in RMB) and SGD Class Units (denominated in SGD).
Dealing Day	means any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and PRC and the SGX-ST is open for normal trading (other than a day on which trading on the SGX-ST is scheduled to close prior to its regular weekday closing time) and the Index is compiled and published and/or such other day or days as the Manager may from time to time determine with the approval of the Trustee.
Creation Unit	means a multiple of 20,000,000 Units or of such other number of Units as may be determined by the Manager from time to time, with the prior approval of the Trustee
Deposited Property	means all the assets (including cash) for the time being held or deemed to be held upon the trusts of the trust deed of the Fund excluding any amount for the time being standing to the credit of the distribution account.
Excluded Investment Products	means any capital markets products that belong to a class of capital markets products listed in the Schedule to the Securities and Futures (Capital Markets Products) Regulations 2018.
Holder	means the person for the time being entered in the register (kept and maintained in Singapore by the Trustee in such manner as may be required by applicable law and regulation) as the holder of a Unit and (where the context so admits) persons jointly so entered.
Index	means the ChinaBond ICBC 1-10 Year Treasury and Policy Bank Bond Index or such other index as the Fund may track from time to time.
Index Securities	means any securities which are for the time being constituent securities of the Index.
NAV	means net asset value.
non-Index Securities	means securities that are not included in the Index.
Participant Agreement	means an agreement entered into between the Trustee, the Manager, and a Participating Dealer, setting out, inter alia, the arrangements in respect of the issue, redemption and cancellation of Units.
Participating Dealer	means any participant who is a broker or dealer or such other person as may be approved by the Manager and the Trustee and who has entered into a Participant Agreement in form and substance acceptable to the Manager and the Trustee.
PRC	means the People's Republic of China.
prescribed capital markets products	shall have the meaning as set out in the Securities and Futures (Capital Markets Products) Regulations 2018, as the same may be modified, amended or revised from time to time.
Redemption Unit	means a multiple of 20,000,000 Units or of such other number of Units as may be determined by the Manager from time to time, with the prior approval of the Trustee.
RMB	means Renminbi, the lawful currency of the PRC.
SGD	means Singapore dollars.
SGX-ST	means the Singapore Exchange Securities Trading Limited or any successor thereto.
SRS	means Supplementary Retirement Scheme.
Units	means units of the Fund.
USD	means United States dollars.