

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.

## Nikko AM SGD Investment Grade Corporate Bond ETF (the “Fund”)

<b>SGX counter name (SGX stock code)</b> <sup>2</sup>	NikkoAM SGD IGBond ETF (stock code: MBH)	<b>SGX-ST Listing Date</b>	27 August 2018
<b>Product Type</b>	Exchange Traded Fund The Units are Excluded Investment Products	<b>Designated Market Makers</b>	Flow Traders Asia Pte. Ltd. and Phillip Securities Pte. Ltd.
<b>Manager / Issuer</b>	Nikko Asset Management Asia Limited	<b>Underlying Reference Asset</b>	iBoxx SGD Non-Sovereigns Large Cap Investment Grade Index
<b>Expense Ratio (for Exchange-traded Funds)</b>	0.26% <sup>3</sup>	<b>Traded Currency</b>	SGD
		<b>Board Lot Size</b>	1 Unit

### PRODUCT SUITABILITY

#### WHO IS THE PRODUCT SUITABLE FOR?

- The Fund is only suitable for investors who:
  - seek medium to long-term capital appreciation;
  - 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 SGD-denominated Investment Grade Bonds 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, calculated and administered by IHS Markit Benchmark Administration Ltd (an affiliate of Markit Indices GmbH) and aims to track the performance of the SGD-denominated Investment Grade Bonds. The Index constituents are rebalanced on a monthly basis on the last Business Day of the month.
- 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.

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

The published figures for the value of the Index, a description of the Index methodology and latest information is

<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 30 June 2023.

<ul style="list-style-type: none"> <li>• Distributions, if any, will be determined by the Manager. The Manager currently intends to make semi-annual distributions, less the expenses of the Fund, to Holders around January and July of each year. The Manager will decide whether a distribution is to be made based on various factors, including dividend and/or interest income and/or capital gains derived from the investments of the Fund. 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 in accordance with the provisions of the Trust Deed. Where distributions are paid out of capital, the NAV of the Fund will be reduced and this will be reflected in the redemption price of the Units. Holders redeeming their Units may therefore receive an amount less than their initial investment. Such distributions may also result in reduced future returns to Holders.</li> <li>• The base currency of the Fund is SGD and the Fund will issue Units denominated in SGD.</li> </ul>	<p>available at <a href="http://www.markit.com/Documentation/Product/IBoxx">http://www.markit.com/Documentation/Product/IBoxx</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 can invest up to 20% of its total net asset value in such non-Index Securities. 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 SGD-denominated Investment Grade Bonds in a cost effective and easy to access manner. Units may also be used as an asset allocation tool or as a trading instrument.</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 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 accentuated when there is a large imbalance between market supply and demand for Units on the SGX-ST. There is a risk</li> </ul> </li> </ul>	

<p>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 earnings of the securities 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 the 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 SGD-denominated Investment Grade Bonds are generally traded over-the-counter (OTC) and there is no centralised exchange which trades such bonds. Depending on the quotes available on such OTC markets, 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 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</li> </ul> </li> </ul>	

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.  
**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, CPF monies 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 CPF agent banks and 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>Other Fees and Charges</b>	Other fees and charges, including <i>inter alia</i> Custodian 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.
CPF	means the Central Provident Fund.
CIS Code	means the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore pursuant to the Securities and Futures Act (Cap. 289), as may be amended, modified, or supplemented from time to time by the Monetary Authority of Singapore.
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 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	has the meaning ascribed to it in paragraph 58 of the Prospectus.
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 iBoxx SGD Non-Sovereigns Large Cap Investment Grade 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.
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.
SGD	means Singapore dollars.
SGD-denominated Investment Grade Bonds	means all Singapore-dollar denominated investment grade bonds excluding Singapore Government Securities.
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.