

25 November 2016

Dear Unitholder,

**NIKKO AM SHENTON THRIFT FUND
NIKKO AM SHENTON SHORT TERM BOND FUNDS – NIKKO AM SHENTON SHORT TERM BOND FUND (S\$)
NIKKO AM SHENTON EIGHT PORTFOLIOS – EIGHT PORTFOLIO B
NIKKO AM SHENTON EIGHT PORTFOLIOS – EIGHT PORTFOLIO C
NIKKO AM JAPAN DIVIDEND EQUITY FUND
(EACH A “FUND” AND COLLECTIVELY THE “FUNDS”)
– CHANGES DUE TO THE UNITED STATES FOREIGN ACCOUNT TAX COMPLIANCE ACT**

Thank you for your support for the Nikko Asset Management Asia Limited family of funds.

As the managers of the Funds (the “**Managers**”), we wish to inform you of certain changes that we will be making to the prospectus of each Fund (each, a “**Prospectus**” and collectively, the “**Prospectuses**”) and the trust deed of each Fund, as amended (each a “**Deed**” and collectively, the “**Deeds**”) due to the United States Foreign Account Tax Compliance Act (“**FATCA**”).

FATCA was enacted by the United States Congress and aims to provide United States tax authorities with information about U.S. Persons¹ and to improve compliance by U.S. Persons who have financial assets and accounts outside the United States. Failure to comply with FATCA may subject the affected Fund to a withholding tax on certain payments made to the Fund (or any penalties as may otherwise be specified). This may result in the affected Fund suffering material losses and it is therefore our intention that the Funds comply with FATCA.

Following from the above, without prejudice and in addition to your notification obligations under the relevant Prospectus, with effect from 9 January 2017 (the “**Effective Date**”), we will require you, as an investor of a Fund, to:

- (a) provide such information, documents and assistance in connection with the above, as the trustee of the relevant Fund (the “**Trustee**”) and/or we may require from time to time; and
- (b) notify us or any of our authorised agents or approved distributors in writing immediately in the event that you are or become a U.S. Person, or are holding units in the relevant Fund for the account of or benefit of a U.S. Person.

With effect from the Effective Date, you will also be deemed to have consented to the Managers, the Trustee and/or other service providers to the relevant Fund carrying out their obligations in reporting and disclosing information on you and your investments in the relevant Fund to the United States tax authorities and/or such Singapore authority as may be required under Singapore laws and regulations implemented or to be implemented as part of any inter-governmental agreement entered into between the United States and Singapore.

We will also be amending the Prospectus and the Deed of each Fund with effect from the Effective Date to provide for the following:-

¹ “**U.S. Person**” means a United States citizen or resident individual, a partnership or corporation organised in the United States or under the laws of the United States or any state of United States thereof, a trust if (i) a court within the United States would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of the trust, and (ii) one or more U.S. Persons have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the United States. This definition shall be interpreted in accordance with the United States Internal Revenue Code. Please note persons who have lost their United States citizenship and who live outside the United States may nonetheless in some circumstances be treated as U.S. Persons.

- (1) The Managers have the right (in consultation with the Trustee) to compulsorily realise any holdings of units in the relevant Fund ("**Units**") held by:
- (a) any unitholder of the relevant Fund (each, a "**Holder**" and collectively, the "**Holders**"):
 - (i) whose subscription for or holding of Units, in the opinion of the Managers, is or may be in breach of any applicable law or regulation in any jurisdiction; or
 - (ii) where such realisation is, in the opinion of the Managers, necessary or desirable for the compliance by the Managers or the relevant Fund with any applicable law or regulation in any jurisdiction (including any regulatory exemption conditions); or
 - (b) any Holder whose holdings of Units, in the opinion of the Managers:
 - (i) may cause the relevant Fund to lose its authorised or registered status with any regulatory authority in any jurisdiction; or
 - (ii) may cause the offer of the Units, the relevant Fund, the Prospectus of the relevant Fund, the Deed of the relevant Fund, the Managers or the Trustee to become subject to any authorisation, recognition, approval or registration requirements under any law or regulation in any other jurisdiction; or
 - (c) any Holder whose holdings of Units, in the opinion of the Managers:
 - (i) may cause a detrimental effect on the tax status of the relevant Fund in any jurisdiction or on the tax status of the Holders of the relevant Fund; or
 - (ii) may result in the relevant Fund or other Holders of the relevant Fund suffering any other legal or pecuniary or administrative disadvantage which the relevant Fund or the Holders might otherwise not have incurred or suffered; or
 - (d) any Holder who fails any anti-money laundering, anti-terrorist financing or know-your-client checks, or where any information and/or documentary evidence requested by the Managers and/or the Trustee for the purposes of any anti-money laundering, anti-terrorist financing or know-your-client checks cannot be obtained from the Holder, or the Holder has failed to provide the same, in a timely manner; or
 - (e) any Holder, where information (including but not limited to information regarding tax status, identity or residency), self-certifications or documents as may be requested by the Managers and/or the Trustee pursuant to any laws, regulations, guidelines, directives or contractual obligations with other jurisdictions' authorities (including, without limitation, the FATCA and/or any Singapore laws, regulations, guidelines and directives implemented as part of any inter-governmental agreement entered into between the United States and Singapore in connection with the FATCA) cannot be obtained from the Holder, or the Holder has failed to provide the same, in a timely manner; or
 - (f) any Holder who does not consent, or withdraws his consent, for the Managers or the Trustee to collect, use and/or disclose information or data relating to the Holder, where such information or data is necessary for, or reasonably required by, the Managers, the Trustee, their respective related corporations and/or other service providers to perform their respective services and/or duties to or in respect of (i) the relevant Fund and/or (ii) the Holder in relation to his holdings of Units in the relevant Fund.
- (2) If the Managers and/or the Trustee are required to account to any duly empowered fiscal authority of Singapore or elsewhere for any income or other taxes, charges or assessments whatsoever on the value of any Units held by a Holder, the Managers (in consultation with the Trustee) shall be entitled to compulsorily realise such number of Units held by that Holder as may be necessary to discharge the liability arising. The Managers and/or the Trustee (as the case may be) shall be entitled to apply the proceeds of such realisation in payment, reimbursement and/or set-off against the liability.
- (3) Any compulsory realisation under paragraphs (1) or (2) may be carried out by the Managers on any dealing day of the relevant Fund after giving prior written notice to the relevant Holder, and shall be carried out in accordance with, and at the realisation price determined under, the relevant provisions of the Deed.
- (4) The Managers, the Trustee and their respective delegates, agents or associates shall not be liable for any loss (whether direct or consequential and including, without limitation, loss of profit or interest) or damage suffered by any Holder or any party arising out of or caused in whole or in part by any actions which are taken by the Managers, the Trustee and/or any of their respective delegates, agents or associates under paragraphs (1), (2) or (3).

The above changes (together with other amendments) to the Prospectus of each Fund will be reflected in a supplementary prospectus of the relevant Fund to be lodged with the Monetary Authority of Singapore (the "MAS") by the Effective Date. After the lodgment of the relevant supplementary prospectus, electronic copies of the relevant supplementary prospectus will be available at www.nikkoam.com.sg and hard copies of the same may be obtained from our approved distributors. The above changes (together with other amendments) to the Deed of each Fund will be also be reflected in a supplemental deed to be executed by the Effective Date and thereafter, you may inspect a copy of the supplemental deed for the relevant Fund at our office.

Please note that the information contained herein does not constitute any tax advice. You should seek advice from your professional advisor regarding the tax implications of FATCA on your Units in any of the Funds.

Please feel free to contact the distributor from whom you originally purchased your Units if you have any queries in respect of your investment in the relevant Fund(s).

We thank you again for your continued support, and we look forward to serving you.

Yours sincerely,
Nikko Asset Management Asia Limited



Eleanor Seet
President

Important Notice

The CPF interest rate for the Ordinary Account ("OA") is based on the 12-month fixed deposit and month-end savings rates of major local banks, subject to a minimum 2.5% interest per annum. The interest rate for Special, Medisave and Retirement Accounts ("SMRA") is pegged to the 12-month average yield of 10-year Singapore Government Securities yield plus 1%. A 4% floor rate will be maintained for interest earned on SMRA until 31 December 2017, after which a 2.5% minimum rate will apply. An extra 1% interest is paid on the first S\$60,000 of a member's combined balances, including up to S\$20,000 in the OA. The first S\$20,000 in the OA and the first S\$40,000 in the Special Account ("SA") cannot be invested under the CPF Investment Scheme ("CPFIS").

This document is for information only with no consideration given to the specific investment objective, financial situation and particular needs of any specific person. 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 unit trusts 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 funds may use or invest in financial derivative instruments. The value of units and income from them may fall or rise. Investments in the funds are subject to investment risks, including the possible loss of principal amount invested. You should read the relevant prospectus and product highlights sheet obtainable from approved distributors of Nikko AM Asia or our website (www.nikkoam.com.sg) before investing.

The information contained herein may not be copied, reproduced or redistributed without the express consent of Nikko AM Asia. While reasonable care has been taken to ensure the accuracy of the information as at the date of publication, Nikko AM Asia does not give any warranty or representation, either express or implied, and expressly disclaims liability for any errors or omissions. Information may be subject to change without notice. Nikko AM Asia accepts no liability for any loss, indirect or consequential damages, arising from any use of or reliance on this document.