

SEMI-ANNUAL REPORT

For the financial period ending 31 December 2019

**Nikko AM Singapore
STI ETF**

MANAGERS

Nikko Asset Management Asia Limited
12 Marina View, #18-02, Asia Square Tower 2,
Singapore 018961
Company Registration No. 198202562H

DIRECTORS

Hou Wey Fook
Lim Soon Chong
Kiyotaka Ryu
Seet Oon Hui Eleanor
Yu-Ming Wang (resigned with effect from 24 January 2020)

TRUSTEE & REGISTRAR

HSBC Institutional Trust Services (Singapore) Limited
21 Collyer Quay, #13-02 HSBC Building
Singapore 049320

AUDITORS

PricewaterhouseCoopers LLP
7 Straits View, Marina One,
East Tower, Level 12,
Singapore 018936

CUSTODIAN

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central, Hong Kong

This report is also available on our website (www.nikkoam.com.sg)

PERFORMANCE SUMMARY

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Singapore STI ETF ¹	3.76	-1.21	8.95	7.22	2.42	3.95	9.54
Straits Times Index	3.89	-1.01	9.40	7.71	2.87	4.51	10.29

Source: Nikko Asset Management Asia Limited & FTSE International Ltd. Returns as at 31 December 2019. Benchmark returns are calculated on a total return basis. Returns are calculated on a NAV-NAV² basis, in SGD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Note:

- (1) With effect from 17 October 2011, the Fund (formerly known as “DBS Singapore STI ETF”) has been renamed “Nikko AM Singapore STI ETF”.
- (2) Nil subscription fee or preliminary charge.

Inception date: 24 February 2009

About Nikko AM Singapore STI ETF

The Nikko AM Singapore STI ETF (the “Fund”) is an exchange traded fund (“ETF”) and a collective investment scheme, authorised in Singapore and listed on the Singapore Stock Exchange.

The Fund’s investment objective is to replicate as closely as possible, before expenses, the performance of the Straits Times Index (STI) or upon the Manager giving three (3) months’ prior written notice to the Trustee and the Holders, such other index which tracks the performance of Singapore listed equity securities. The current benchmark for the Fund is the Straits Times Index (STI). There can be no assurance that the Fund will achieve its investment objective.

The Fund will seek to achieve its investment objective by investing all, or substantially all, of its assets in Index Shares in substantially the same weightings as reflected in the Index (i.e. using a full replication strategy). Various circumstances may make it impossible or impracticable to purchase each component Index Share in the same weightings as reflected in the Index. In those circumstances, the Manager may employ a combination of one or more investment techniques in seeking to closely track the Index. In addition, given that Index Shares may be and are added to or removed from the Index from time to time, the Manager may sell or purchase securities that are not yet represented in the Index in anticipation of their removal from or addition to the Index.

The Fund is designed for investors who seek an “index-based” approach to investing in a portfolio of Singapore listed securities in a cost effective and easy to access manner. Units may also be used as an asset allocation tool or as a trading instrument.

Note: Investors are advised to refer to the Fund’s prospectus for more details of the Fund.

This document is purely for informational purposes only with no consideration given to the specific investment objective, financial situation and particular needs of any specific person. It should not be relied upon as financial advice. 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 funds 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 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) before deciding whether to invest in the Fund.

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The performance of the ETF's price on the Singapore Exchange Securities Trading Limited ("SGX-ST") may be different from the net asset value per unit of the ETF. The ETF may also be delisted from the SGX. Transaction in units of the ETF will result in brokerage commissions. Listing of the units does not guarantee a liquid market for the units. Units of the ETF may be bought or sold throughout trading hours of the SGX through any brokerage account. Investors should note that the ETF differs from a typical unit trust and units may only be created or redeemed directly by a participating dealer in large creation or redemption units. Investors may only redeem the units with Nikko AM Asia under certain specified conditions.

The Central Provident Board ("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 plus 1% per annum. A 4% per annum floor rate will be maintained for interest earned on SMRA until 31 December 2020, after which a 2.5% per annum minimum rate will apply. An extra 1% per annum 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"). Investors should note that the applicable interest rates for each of the CPF accounts may be varied by the CPF Board from time to time.

The units of Nikko AM Singapore STI ETF are not in any way sponsored, endorsed, sold or promoted by FTSE International Limited ("FTSE"), the London Stock Exchange Plc (the "Exchange"), The Financial Times Limited ("FT") SPH Data Services Pte Ltd ("SPH") or Singapore Press Holdings Ltd ("SGP") (collectively, the "Licensor Parties") and none of the Licensor Parties make any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the Straits Times Index ("Index") and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by FTSE. None of the Licensor Parties shall be under any obligation to advise any person of any error therein. "FTSE®", "FT-SE®" are trade marks of the Exchange and the FT and are used by FTSE under license. "STI" and "Straits Times Index" are trade marks of SPH and are used by FTSE under licence. All intellectual property rights in the ST index vest in SPH and SGP.

SOFT DOLLAR COMMISSIONS/ARRANGEMENTS

In its management of the Nikko AM Singapore STI ETF, the Manager currently does not receive or enter into any soft dollar commissions or arrangements.

NIKKO AM SINGAPORE STI ETF*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial period ended 31 December 2019 (Unaudited)*

	31 December 2019 S\$	31 December 2018 S\$
Income		
Dividends	5,975,158	4,523,039
Less: Expenses		
Administrator fee	46,192	35,223
Audit fee	10,737	10,738
Management fee	307,946	234,819
Less: Management fee rebate	(118,589)	(105,964)
Trustee fee	38,493	29,352
Transaction costs	72,436	56,572
Other expenses	151,461	119,344
	508,676	380,084
Net income	5,466,482	4,142,955
Net gains or losses on value of investments		
Net losses on investments	(8,343,882)	(14,603,799)
Net foreign exchange losses	(9,920)	(10,769)
	(8,353,802)	(14,614,568)
Total deficit for the financial period before income tax	(2,887,320)	(10,471,613)
Less: Income tax	(80,003)	(48,036)
Total deficit for the financial period after income tax	(2,967,323)	(10,519,649)

NIKKO AM SINGAPORE STI ETF*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF FINANCIAL POSITION***As at 31 December 2019 (Unaudited)*

	31 December	30 June
	2019	2019
	S\$	S\$
ASSETS		
Portfolio of investments	328,505,033	302,913,626
Receivables	561,406	931
Cash and bank balances	72,105	119,888
Total assets	329,138,544	303,034,445
	<hr/>	<hr/>
LIABILITIES		
Payables	124,337	160,524
Purchases awaiting settlement	-	83,396
Distribution payable	5,941,369	5,273,183
Total liabilities	6,065,706	5,517,103
	<hr/>	<hr/>
EQUITY		
Net assets attributable to unitholders	323,072,838	297,517,342

NIKKO AM SINGAPORE STI ETF*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial period ended 31 December 2019 (Unaudited)*

	31 December 2019 S\$	30 June 2019 S\$
Net assets attributable to unitholders at the beginning of financial period/year	297,517,342	220,427,209
Operations		
Change in net assets attributable to unitholders resulting from operations	(2,967,323)	15,788,207
Unitholders' contributions/(withdrawals)		
Creation of units	43,468,235	72,387,444
Cancellation of units	(9,004,046)	(1,185,800)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	34,464,189	71,201,644
Distributions	(5,941,370)	(9,899,718)
Total increase in net assets attributable to unitholders	25,555,496	77,090,133
Net assets attributable to unitholders at the end of financial period/year	323,072,838	297,517,342

NIKKO AM SINGAPORE STI ETF*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2019 (Unaudited)***By Geography (Primary)**

	Holdings at 31 December 2019	Fair value at 31 December 2019 S\$	Percentage of total net assets attributable to unitholders at 31 December 2019 %
Quoted Equities			
HONG KONG SAR			
Dairy Farm International Holdings Limited (Singapore)	330,300	2,536,028	0.79
Hongkong Land Holdings Limited	1,266,766	9,794,302	3.03
Jardine Matheson Holdings Limited	234,700	17,546,768	5.43
Jardine Strategic Holdings Limited (Singapore)	197,900	8,156,156	2.52
Total Hong Kong SAR		38,033,254	11.77
ISLE OF MAN			
Genting Singapore Limited	6,376,448	5,866,332	1.82
Total Isle of Man		5,866,332	1.82
SINGAPORE			
CapitaLand Limited	2,733,153	10,249,324	3.17
City Developments Limited	515,337	5,642,940	1.75
ComfortDelGro Corporation Limited	2,256,409	5,370,253	1.66
DBS Group Holdings Limited	1,982,691	51,312,043	15.88
Jardine Cycle & Carriage Limited	109,741	3,303,204	1.02
Keppel Corporation Limited	1,563,309	10,583,602	3.28
Oversea-Chinese Banking Corporation Limited	3,788,470	41,597,401	12.88
SATS Limited	701,152	3,547,829	1.10
Sembcorp Industries Limited	1,006,333	2,304,503	0.71
Singapore Airlines Limited	556,828	5,033,725	1.56
Singapore Exchange Limited	898,551	7,961,162	2.46
Singapore Press Holdings Limited	1,778,722	3,877,614	1.20
Singapore Technologies Engineering Limited	1,677,815	6,610,591	2.05
Singapore Telecommunications Limited	8,180,977	27,569,892	8.53
United Overseas Bank Limited	1,411,907	37,288,464	11.54
UOL Group Limited	539,919	4,492,126	1.39
Venture Corporation Limited	285,600	4,626,720	1.43
Wilmar International Limited	2,149,615	8,856,414	2.74
Yangzijiang Shipbuilding Holdings Limited	2,337,782	2,618,316	0.81
Total Singapore		242,846,123	75.16

NIKKO AM SINGAPORE STI ETF*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2019 (Unaudited)***By Geography (Primary) (continued)**

	Holdings at 31 December 2019	Fair value at 31 December 2019 S\$	Percentage of total net assets attributable to unitholders at 31 December 2019 %
Quoted Equities (continued)			
THAILAND			
Thai Beverage Public Company Limited	10,709,616	9,531,558	2.95
Total Thailand		<u>9,531,558</u>	<u>2.95</u>
Total Quoted Equities		<u>296,277,267</u>	<u>91.70</u>
Quoted Real Estate Investment Trusts (REITS)			
SINGAPORE			
Ascendas Real Estate Investment Trust	3,227,564	9,585,865	2.97
Capitaland Commercial Trust	2,765,082	5,502,513	1.70
CapitaLand Mall Trust Real Estate Investment Trust	2,650,210	6,519,517	2.02
Mapletree Commercial Trust	2,394,993	5,724,033	1.77
Mapletree Logistics Trust	2,813,700	4,895,838	1.52
Total Singapore		<u>32,227,766</u>	<u>9.98</u>
Total Quoted Real Estate Investment Trusts (REITS)		<u>32,227,766</u>	<u>9.98</u>
Portfolio of investments		328,505,033	101.68
Other net liabilities		(5,432,195)	(1.68)
Net assets attributable to unitholders		<u>323,072,838</u>	<u>100.00</u>

NIKKO AM SINGAPORE STI ETF*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2019 (Unaudited)*

By Geography (Summary)	Percentage of total net assets attributable to unitholders at 31 December 2019 %	Percentage of total net assets attributable to unitholders at 30 June 2019 %
Quoted Equities		
Hong Kong SAR	11.77	13.87
Isle of Man	1.82	1.83
Mauritius	-	0.62
Singapore	75.16	76.04
Thailand	2.95	2.79
Total Quoted Equities	91.70	95.15
Quoted Real Estate Investment Trusts (REITS)		
Singapore	9.98	6.66
Total Quoted Real Estate Investment Trusts (REITS)	9.98	6.66
Portfolio of investments	101.68	101.81
Other net liabilities	(1.68)	(1.81)
Net assets attributable to unitholders	100.00	100.00

NIKKO AM SINGAPORE STI ETF*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2019 (Unaudited)***By Industry (Secondary)**

	Fair value at 31 December 2019 S\$	Percentage of total net assets attributable to unitholders at 31 December 2019 %	Percentage of total net assets attributable to unitholders at 30 June 2019 %
Agriculture	8,856,414	2.74	3.06
Airlines	5,033,725	1.56	1.62
Automotive	3,303,204	1.02	1.22
Banks & Finance	138,159,070	42.76	42.54
Brewery	9,531,558	2.95	2.79
Capital Goods	25,702,924	7.95	9.42
Electric	4,626,720	1.43	1.43
Engineering/Machine	2,304,503	0.71	0.75
Entertainment	9,743,946	3.02	3.15
Foods	2,536,028	0.79	0.99
Investment	-	-	0.54
Real Estate	30,178,692	9.34	9.25
Real Estate Investment Trust (REITS)	32,227,766	9.98	6.66
Ship Building	13,201,918	4.09	4.36
Technology	6,610,591	2.05	2.15
Telecom Service	27,569,892	8.53	8.90
Transport	5,370,253	1.66	1.86
Transport – Air	3,547,829	1.10	1.12
Portfolio of investments	328,505,033	101.68	101.81
Other net liabilities	(5,432,195)	(1.68)	(1.81)
Net assets attributable to unitholders	323,072,838	100.00	100.00

NIKKO AM SINGAPORE STI ETF*(Constituted under a Trust Deed registered in the Republic of Singapore)***REPORT TO UNITHOLDERS***For the financial period ended 31 December 2019 (Unaudited)*

The following contains additional information relating to the Fund.

1. Distribution of investments

Please refer to the Statement of Portfolio on pages 8 to 11.

2. Credit rating of debt securities

Nil.

3. Top 10 holdings**10 largest holdings at 31 December 2019**

	Cost S\$	Fair value S\$	Percentage of total net assets attributable to unitholders %
DBS Group Holdings Limited	42,394,777	51,312,043	15.88
Oversea-Chinese Banking Corporation Limited	39,751,016	41,597,401	12.88
United Overseas Bank Limited	32,918,458	37,288,464	11.54
Singapore Telecommunications Limited	28,094,896	27,569,892	8.53
Jardine Matheson Holdings Limited	19,756,792	17,546,768	5.43
Keppel Corporation Limited	11,048,346	10,583,602	3.28
CapitaLand Limited	8,978,351	10,249,324	3.17
Hongkong Land Holdings Limited	11,361,029	9,794,302	3.03
Ascendas Real Estate Investment Trust	8,563,088	9,585,865	2.97
Thai Beverage Public Company Limited	8,419,988	9,531,558	2.95

NIKKO AM SINGAPORE STI ETF*(Constituted under a Trust Deed registered in the Republic of Singapore)***REPORT TO UNITHOLDERS***For the financial period ended 31 December 2019 (Unaudited)***3. Top 10 holdings (continued)**

10 largest holdings at 31 December 2018

	Cost S\$	Fair value S\$	Percentage of total net assets attributable to unitholders %
DBS Group Holdings Limited	32,110,513	38,192,805	15.72
Oversea-Chinese Banking Corporation Limited	30,453,084	33,423,846	13.76
United Overseas Bank Limited	25,658,975	28,130,365	11.58
Singapore Telecommunications Limited	23,440,732	19,530,727	8.04
Jardine Matheson Holdings Limited	16,024,252	17,876,876	7.36
Hongkong Land Holdings Limited	9,485,000	8,924,073	3.67
Jardine Strategic Holdings Limited (Singapore)	9,467,887	8,185,845	3.37
Keppel Corporation Limited	9,377,888	7,570,172	3.12
CapitaLand Limited	7,214,223	7,002,641	2.88
Ascendas Real Estate Investment Trust	5,661,738	5,830,209	2.40

4. Exposure to financial derivatives

Nil.

5. Global exposure financial derivatives

Nil.

6. Collateral

Nil.

7. Securities lending or repurchase transactions

Nil.

NIKKO AM SINGAPORE STI ETF*(Constituted under a Trust Deed registered in the Republic of Singapore)***REPORT TO UNITHOLDERS***For the financial period ended 31 December 2019 (Unaudited)***8. Investment in unit trusts, mutual funds and collective investment schemes**

Please refer to the Statement of Portfolio on pages 8 to 11.

9. Borrowings

Nil.

10. Amount of units created and units cancelled for the financial period ended 31 December 2019

	S\$
Units created	43,468,235
Units created	9,004,046

11. Financial ratios**Expense ratio**

	31 December 2019	31 December 2018
Total operating expenses	S\$ 877,594	706,898
Average daily net asset value	S\$ 290,412,174	234,154,133
Total expense ratio¹	% 0.30	0.30

Turnover ratio

	31 December 2019	31 December 2018
Lower of total value of purchases or sales	S\$ 24,734,230	12,589,651
Average daily net asset value	S\$ 305,504,990	232,842,709
Total turnover ratio²	% 8.10	5.41

⁽¹⁾The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at 31 December 2019 was based on total operating expenses divided by the average net asset value for the year. The total operating expenses do not include brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

⁽²⁾The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases and sales of the underlying investments, divided by the average daily net asset value.

NIKKO AM SINGAPORE STI ETF

(Constituted under a Trust Deed registered in the Republic of Singapore)

REPORT TO UNITHOLDERS

For the financial period ended 31 December 2019 (Unaudited)

12. Related party transactions

The Manager of the Fund is Nikko Asset Management Asia Limited, a subsidiary of Nikko Asset Management International Limited. The Trustee of the Fund is HSBC Institutional Trust Services (Singapore) Limited (the "Trustee").

Management fee is payable to the Manager. Administrator fee and trustee fee are payable to the Trustee. Custody fee is payable to a related company of the Trustee, The Hongkong and Shanghai Banking Corporation Limited.

In addition to related party information shown elsewhere in the financial statements (including the Statement of Portfolio), the following significant transactions took place during the financial period between the Fund and a related party at terms agreed between the parties and within the provisions of the Deeds:

	31 December 2019 S\$	30 June 2019 S\$
Bank balances held with a related party of the Trustee	72,105	119,888

13. Additional information**Service Providers:**

Fund Manager	: Nikko Asset Management Asia Limited appointed on 30 Oct 08;
Remuneration Basis	: 0.2% p.a. on NAV
Trustee/Custodian/	
Valuation Agent/	: HSBC Institutional Trust Services (Singapore) Limited
Fund Registrar	: HSBC Institutional Trust Services (Singapore) Limited
Market Makers	: Flow Traders Asia Pte Ltd, Societe Generale and Phillip Securities Pte Ltd
Participating Dealers	: DBS Vickers Securities, Societe Generale, Commerzbank, BNP Paribas and Phillip Capital
Corporate Secretariat	: Boardroom Corporate & Advisory Services Pte Ltd
Auditor	: PricewaterhouseCoopers appointed on 02 Sep 08
Audit Partner	: Lim Kheng Wah
Tax Agent	: Ernst & Young Solutions LLP
Solicitors to Managers	: Chan & Goh LLP
Solicitors to Trustee	: WongPartnership LLP

14. Any other material information that will adversely impact the valuation of the fund

Nil.

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