



SEMI-ANNUAL REPORT

For the financial period ending 31 December 2014

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

Frederick Reidenbach
Blair Chilton Pickerell
Lim Say Boon
V Arivazhagan
Seet Oon Hui Eleanor
Andrew Ross Long
Yu-Ming Wang

TRUSTEE & REGISTRAR

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21 Collyer Quay, #10-02 HSBC Building
Singapore 049320

AUDITORS

PricewaterhouseCoopers LLP
8 Cross Street, #17-00 PWC Building
Singapore 048424

SOLICITORS TO THE MANAGERS

Allen & Gledhill LLP
One Marina Boulevard #28-00
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SOLICITORS TO THE TRUSTEE

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12 Marina Boulevard Level 28
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Singapore 018982

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	Since Inception
FTSE Straits Times Index	3.14	4.98	9.62	11.69	6.19	17.06
Nikko AM Singapore STI ETF ¹	3.07	4.85	9.23	11.16	5.51	16.02

Source: ©2014 Morningstar, Inc., Bloomberg & Nikko Asset Management Asia Limited, as at 31 December 2014. Benchmark returns are calculated on a total return basis. Returns are calculated on a NAV-NAV² basis, in SGD, and assuming 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 FTSE Straits Times Index 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 FTSE Straits Times Index. There can be no assurance that the Fund will achieve its investment objective.

FUND DETAILS *	
Net Asset Value ("NAV") per unit (31 December 2014)	S\$ 3.4655
Fund Size (31 December 2014)	S\$ 119.37 million
Fund Currency	Singapore Dollar
Inception Date	24 February 2009
Listing Date	25 February 2009
Lot Size (via SGX-ST)	100 units per lot
Lot Size (via participating dealers)	100,000 units
Management Fee	0.20% p.a.
Trustee Fee	Up to 0.045% p.a.

*** Please refer to the Fund's prospectus for more information on payable fees and charges.**

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 the 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.

IMPORTANT INFORMATION

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 appointed distributors of Nikko AM Asia or our website (www.nikkoam.com.sg) before investing.

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The performance of the ETF's price on the Singapore Stock Exchange ("SGX") 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 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 2014, 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").

Nikko Asset Management Asia Limited. Registration Number 198202562H

SOFT DOLLAR COMMISSIONS/ARRANGEMENTS

The primary objective of the Manager in placing orders for the purchase and sale of Index Shares and non-Index Shares, when adjusting the Nikko AM Singapore STI ETF (the "Fund") portfolio to reflect changes in the Index or in respect of a cash subscription or redemption, is to obtain the most favourable net results taking into account such factors as price, commission or spread and size of the order. Where it is consistent with this objective, it is the Manager's practice to place such orders with brokers/dealers who supply research, market information and quotations and statistical information to the Manager, which may be useful to the Manager in providing its services as manager of the Fund and/or may be useful to the Manager in providing services to other clients (including other funds managed by the Manager), other than as manager of the Fund.

Appointment of soft dollar brokers

Soft dollar brokers will be appointed onto the Manager's broker panel only after the Manager has ensured that:

- a) full disclosure of the practice of accepting soft dollars is made;
- b) the commission rates charged are comparable with the market rates;
- c) there is no conflict of interest;
- d) the soft dollar credits are used only for clearly defined services;
- e) at all times trades are executed through the respective brokers only on the basis of best execution regardless whether soft dollar benefits will accrue. Best execution shall include competitive prices with smooth execution ability; and
- f) relevant regulations and guidelines are complied with.

The procedures for the appointment of the brokers shall be no different from that of normal full service brokers.

Execution and allocation

If the Trustee objects to the use of the soft dollar brokers, the trades of the Fund shall be segregated from the rest of the trades that are executed through the relevant soft dollar broker(s). The Manager will execute trades for such accounts only with authorised full service brokers.

It is the responsibility of the Manager to ensure that the allocation quotas are adhered to. In addition, the Manager will monitor the execution ability of the soft dollar brokers and assign the business strictly on a "best execution" basis.

Subject to the provisions of the CIS Code*, in its management of the Fund, the Manager may receive soft dollar commissions from, or may enter into soft dollar arrangements with, stockbrokers who execute trades on behalf of the Fund and the soft dollars received would be restricted to the following kinds of services:

- a) specific advice as to the advisability of dealing in, or of the value of any investments;
- b) research and advisory services;
- c) economic and political analysis;
- d) portfolio analysis including valuation and portfolio measurements;
- e) market analysis;
- f) data and quotation services;
- g) computer hardware or software that are used to support the investment decision making process, the giving of advice, or the conduct of research or analysis; and
- h) custodial services in relation to the investments managed for clients.

The following are, however, prohibited:

- a) travel, accommodation and entertainment expenses;
- b) general administrative goods and services including office equipment and premises;
- c) membership fees;
- d) employee salaries;
- e) direct money payments / rebates.

Records of the payments made using soft dollar commissions shall be retained with the Manager.

*The **"Code"** means the Code on Collective Investment Schemes issued by the Authority pursuant to the Securities and Futures Act, as may be amended, modified, or supplemented from time to time by the Authority.

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 2014 (Unaudited)*

	31 December 2014 S\$	31 December 2013 S\$
Income		
Dividends	2,076,660	2,150,377
Less: Expenses		
Audit fee	12,854	13,203
Management fee	120,836	129,099
Trustee fee	31,828	51,640
Transaction costs	28,172	7,566
Other expenses	65,307	103,329
	258,997	304,837
Net income	1,817,663	1,845,540
Net gains or losses on value of investments		
Net gains on investments	4,132,424	619,169
Net foreign exchange losses	(61)	(7,649)
	4,132,363	611,520
Total return for the period before income tax	5,950,026	2,457,060
Less: Income tax	(22,840)	(13,275)
Total return for the period after income tax	5,927,186	2,443,785

NIKKO AM SINGAPORE STI ETF
(Constituted under a Trust Deed registered in the Republic of Singapore)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2014 (Unaudited)

	31 December 2014	30 June 2014
	S\$	S\$
ASSETS		
Portfolio of investments	119,084,367	124,773,959
Receivables	207,995	16,893
Prepayments	-	1,120
Cash and bank balances	188,924	512,434
Total assets	119,481,286	125,304,406
LIABILITIES		
Payables	107,384	128,292
Distribution payable	1,705,097	1,736,608
Total liabilities	1,812,481	1,864,900
EQUITY		
Net assets attributable to unitholders	117,668,805	123,439,506

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 2014 (Unaudited)*

	31 December 2014 S\$	30 June 2014 S\$
Net assets attributable to unitholders at the beginning of financial period/year	123,439,506	126,242,295
Operations		
Change in net assets attributable to unitholders resulting from operations	5,927,186	6,896,507
Unitholders' contributions/(withdrawals)		
Creation of units	8,416,150	5,597,780
Cancellation of units	(18,408,940)	(11,794,380)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(9,992,790)	(6,196,600)
Distributions	(1,705,097)	(3,502,696)
Total decrease in net assets attributable to unitholders	(5,770,701)	(2,802,789)
Net assets attributable to unitholders at the end of financial period/year	117,668,805	123,439,506

NIKKO AM SINGAPORE STI ETF

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

STATEMENT OF PORTFOLIO

As at 31 December 2014 (Unaudited)

By Geography (Primary)

	Holdings at 31 December 2014	Fair value at 31 December 2014	Percentage of total net assets attributable to unitholders at 31 December 2014
		\$S	%
Quoted Equities			
HONG KONG SAR			
Hongkong Land Holdings Limited	489,431	4,384,164	3.73
Jardine Matheson Holdings Limited	99,044	7,999,273	6.80
Jardine Strategic Holdings Limited	92,972	4,213,344	3.58
Noble Group Limited	1,870,395	2,132,251	1.81
Total Hong Kong SAR		18,729,032	15.92
ISLE OF MAN			
Genting Singapore PLC	2,539,527	2,742,689	2.33
Total Isle of Man		2,742,689	2.33
MAURITIUS			
Golden Agri-Resources Limited	2,670,917	1,228,622	1.04
Total Mauritius		1,228,622	1.04
SINGAPORE			
CapitaLand Limited	1,055,862	3,494,903	2.97
City Developments Limited	243,754	2,503,353	2.13
ComfortDelGro Corporation Limited	833,615	2,167,399	1.84
DBS Group Holdings Limited	719,564	14,823,018	12.60
Global Logistic Properties Limited	1,242,089	3,080,381	2.62
Hutchison Port Holdings Trust	2,097,432	1,917,722	1.63
Jardine Cycle & Carriage Limited	41,135	1,752,351	1.49
Keppel Corporation Limited	592,283	5,241,705	4.45
Olam International Limited	198,768	401,511	0.34
Oversea-Chinese Banking Corporation Limited	1,261,562	13,195,939	11.21
Sembcorp Industries Limited	368,282	1,638,855	1.39
Sembcorp Marine Limited	343,037	1,118,301	0.95
SIA Engineering Company Limited	88,435	373,196	0.32
Singapore Airlines Limited	210,010	2,436,116	2.07
Singapore Exchange Limited	340,900	2,662,429	2.26
Singapore Press Holdings Limited	660,565	2,780,979	2.36
Singapore Technologies Engineering Limited	642,754	2,185,363	1.86
Singapore Telecommunications Limited	3,036,753	11,843,337	10.07
Starhub Limited	237,096	983,948	0.84
United Overseas Bank Limited	489,463	12,006,527	10.20
Wilmar International Limited	874,965	2,834,887	2.41
Total Singapore		89,442,220	76.01

NIKKO AM SINGAPORE STI ETF*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2014 (Unaudited)***By Geography (Primary) (continued)**

	Holdings at 31 December 2014	Fair value at 31 December 2014	Percentage of total net assets attributable to unitholders at 31 December 2014
		\$	%
Quoted Equities (continued)			
THAILAND			
Thai Beverage Public Company Limited	4,070,459	2,808,617	2.39
Total Thailand		2,808,617	2.39
Total Quoted Equities		114,951,180	97.69
Quoted Real Estate Investment Trusts			
SINGAPORE			
Ascendas Real Estate Investment Trust	816,254	1,942,684	1.65
CapitaMall Trust	1,073,776	2,190,503	1.86
Total Singapore		4,133,187	3.51
Total Quoted Real Estate Investment Trusts		4,133,187	3.51
Portfolio of investments		119,084,367	101.20
Other net liabilities		(1,415,562)	(1.20)
Net assets attributable to unitholders		117,668,805	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 2014 (Unaudited)

By Geography (Summary)	Percentage of total net assets attributable to unitholders at 31 December 2014 %	Percentage of total net assets attributable to unitholders at 30 June 2014 %
Quoted Equities		
Hong Kong SAR	15.92	15.68
Isle of Man	2.33	2.98
Mauritius	1.04	1.31
Singapore	76.01	75.33
Thailand	2.39	2.24
Total Quoted Equities	97.69	97.54
Quoted Real Estate Investment Trusts		
Singapore	3.51	3.54
Total Quoted Real Estate Investment Trusts	3.51	3.54
Portfolio of investments		
Other net liabilities	(1.20)	(1.08)
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 2014 (Unaudited)

By Industry (Secondary)	Fair value at 31 December 2014 S\$	Percentage of total net assets attributable to unitholders at 31 December 2014 %	Percentage of total net assets attributable to unitholders at 30 June 2014 %
Agriculture	4,063,509	3.45	3.77
Airlines	2,436,116	2.07	1.90
Automotive	1,752,351	1.49	1.64
Banks & Finance	42,687,913	36.27	32.11
Brewery	2,808,617	2.39	2.24
Commercial Services	373,196	0.32	0.42
Diversified Resources	14,344,868	12.19	12.06
Engineering/Machine	1,638,855	1.39	1.76
Entertainment	2,780,979	2.36	2.44
Food & Beverage	401,511	0.34	0.44
Investment	1,917,722	1.63	1.70
Real Estate	16,205,490	13.78	14.83
REITS	4,133,187	3.51	3.54
Ship Building	6,360,006	5.40	6.94
Technology	2,185,363	1.86	2.17
Telecom Service	12,827,285	10.91	11.28
Transport	2,167,399	1.84	1.84
Portfolio of investments	119,084,367	101.20	101.08
Other net liabilities	(1,415,562)	(1.20)	(1.08)
Net assets attributable to unitholders	117,668,805	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 2014 (Unaudited)

The following contains additional information relating to the Fund.

1. Distribution of investments

Please refer to the Statement of Portfolio on pages 9 to 12.

2. Credit rating of debt securities

N/A.

3. Top 10 holdings

10 largest holdings at 31 December 2014

	Cost S\$	Fair Value S\$	Percentage of total net assets attributable to unitholders %
DBS Group Holdings Limited	10,154,770	14,823,018	12.60
Oversea-Chinese Banking Corporation Limited	11,562,531	13,195,939	11.21
United Overseas Bank Limited	9,283,931	12,006,527	10.20
Singapore Telecommunications Limited	9,706,923	11,843,337	10.07
Jardine Matheson Holdings Limited	6,251,135	7,999,273	6.80
Keppel Corporation Limited	5,698,326	5,241,705	4.45
Hongkong Land Holdings Limited	3,729,244	4,384,164	3.73
Jardine Strategic Holdings Limited	3,497,013	4,213,344	3.58
CapitaLand Limited	3,187,966	3,494,903	2.97
Global Logistic Properties Limited	2,748,962	3,080,381	2.62

10 largest holdings at 31 December 2013

	Cost S\$	Fair Value S\$	Percentage of total net assets attributable to unitholders %
DBS Group Holdings Limited	11,039,218	13,912,953	11.02
Oversea-Chinese Banking Corporation Limited	11,387,173	12,998,523	10.29
Singapore Telecommunications Limited	10,670,156	12,609,172	9.99
United Overseas Bank Limited	10,102,796	11,692,832	9.26
Keppel Corporation Limited	6,404,756	7,541,926	5.97
Jardine Matheson Holdings Limited	6,786,278	7,328,862	5.80
Genting Singapore PLC	4,891,532	4,278,268	3.39
Jardine Strategic Holdings Limited	3,863,911	4,250,053	3.36
Hongkong Land Holdings Limited	4,091,216	4,086,425	3.24
Global Logistic Properties Limited	3,032,965	4,072,724	3.23

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 2014 (Unaudited)

4. Exposure to financial derivatives

Nil.

5. Global exposure financial derivatives

Nil.

6. Collateral

Nil.

7. Securities lending or repurchase transactions

Nil.

8. Investment in unit trusts, mutual funds and collective investment schemes

	Fair value at 31 December 2014 S\$	Percentage of total net assets attributable to unitholders at 31 December 2014 %
Ascendas Real Estate Investment Trust	1,942,684	1.65
CapitaMall Trust	2,190,503	1.86
	4,133,187	3.51

9. Borrowings

Nil.

10. Amount of redemptions and subscriptions for the financial period ended 31 December 2014

	S\$
Redemptions	(18,408,940)
Subscriptions	8,416,150

NIKKO AM SINGAPORE STI ETF
(Constituted under a Trust Deed registered in the Republic of Singapore)

REPORT TO UNIT HOLDERS
For the financial period ended 31 December 2014 (Unaudited)

11. Financial ratios

Expense ratio	31 December 2014	31 December 2013
Total operating expenses	S\$ 452,068	535,883
Average daily net asset value	S\$ 120,250,469	128,920,874
Total expense ratio¹	0.38	0.42
Turnover ratio	31 December 2014	31 December 2013
Lower of total value of purchases or sales	S\$ 10,730,008	8,772,162
Average daily net asset value	S\$ 119,909,114	126,612,494
Total turnover ratio²	8.95	6.93

⁽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 2014 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 transaction 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. In line with Statement of Recommended Accounting Practice 7 "Reporting framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants in June 2012, total value of purchases or sale for the current period do not include brokerage and other transaction costs.

12. Related party transactions

	31 December 2014	30 June 2014
	S\$	S\$
Current account bank balances maintained with a related party of the Trustee	188,924	512,434

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 2014 (Unaudited)*

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/ Fund Registrar	: HSBC Institutional Trust Services (Singapore) Limited
Market Makers	: Commerzbank AG (Hong Kong), BNP Paribas Arbitrage SNC & Standard Chartered Bank (Singapore)
Participating Dealers	: DBS Vickers Securities Pte Ltd, Societe General Bank & Trust (Hong Kong), Flow Traders Asia Pte Ltd, Commerzbank AG (Hong Kong) & BNP Paribas Securities Services
Corporate Secretariat	: Boardroom Corporate & Advisory Services Pte Ltd
Auditor	: PricewaterhouseCoopers appointed on 02 Sep 08
Audit Partner	: Patrick Yeo
Tax Agent	: Ernst & Young Solutions LLP
Solicitors to Managers	: Allen & Gledhill 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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Company registration number 198202562H