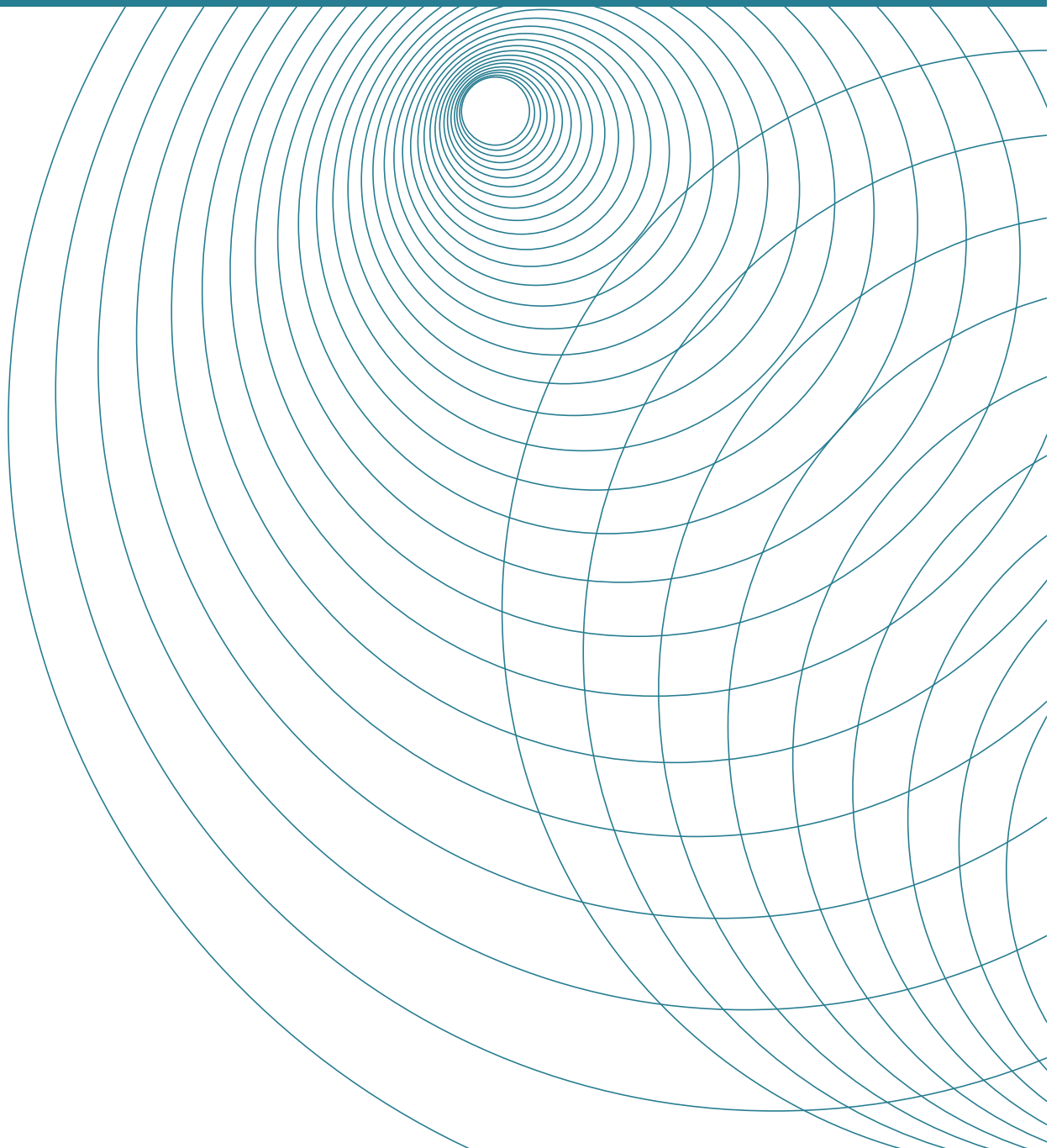

ANNUAL REPORT
NikkoAM-ICBCSG China Bond ETF

Financial year ended 31 December 2023



MANAGERS

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Singapore 018961
Company Registration No. 198202562H

DIRECTORS OF THE MANAGERS

Seet Oon Hui Eleanor
Yutaka Nishida
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Allen Yan

TRUSTEE & REGISTRAR

DBS Trustee Limited
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AUDITORS

PricewaterhouseCoopers LLP
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CUSTODIAN

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INVESTMENT ADVISOR

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6 Raffles Quay #12-01,
Singapore 048580

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
NikkoAM-ICBCSG China Bond ETF- RMB Class	1.04	1.48	3.60	3.65	N/A	N/A	3.87
ChinaBond ICBC 1-10 Year Treasury and Policy Bank Bond Index	1.16	1.67	3.93	3.99	N/A	N/A	4.22

Source: Nikko Asset Management Asia Limited & ChinaBond Pricing Center Co., Ltd. Returns as at 31 December 2023. Returns are calculated on a NAV-NAV¹ basis, in RMB, 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.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
NikkoAM-ICBCSG China Bond ETF- SGD Class	0.03	0.86	-0.31	0.77	N/A	N/A	0.71
ChinaBond ICBC 1-10 Year Treasury and Policy Bank Bond Index	0.69	1.50	0.19	1.15	N/A	N/A	1.02

Source: Nikko Asset Management Asia Limited & ChinaBond Pricing Center Co., Ltd. Returns as at 31 December 2023. Returns are calculated on a NAV-NAV¹ 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) Nil subscription fee or preliminary charge.

Inception date: 24 November 2020

The ChinaBond ICBC 1-10 Year Treasury and Policy Bank Bond Index is constructed and calculated by ChinaBond Pricing Center Co., Ltd. All intellectual property rights and other interests in the index value and constituent list belong to ChinaBond Pricing Center Co., Ltd. ChinaBond Pricing Center Co., Ltd. does not make any express or implied warranty on the accuracy, completeness or timeliness of Index-related information, or on the conclusions that the data recipient may reach.

About NikkoAM-ICBCSG China Bond ETF

The NikkoAM-ICBCSG China Bond ETF (the "Fund") is a collective investment scheme authorised under the Securities and Futures Act 2001 and is established under the terms of a trust deed dated 19 October 2020 made between Nikko Asset Management Asia Limited as manager, and DBS Trustee Limited as trustee, of the Fund.

The investment objective of the Fund is to achieve long term capital growth by replicating the returns of the ChinaBond ICBC 1-10 Year Treasury and Policy Bank Bond Index (the "Index"), or upon the Manager giving three (3) months' prior written notice to the Trustee and the Holders, such other index that gives, in the opinion of the Manager, the same or substantially similar exposure as the Index, before fees and expenses. There is no assurance that the Fund will achieve its investment objective or that it will be able to fully track the performance of the Index.

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. Please refer to Section VI of this Prospectus for more information on the investment objective, focus and approach of the Fund.

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. The 3 Chinese policy banks refer 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.

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.

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.

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 suspended or delisted from the SGX-ST. Listing of the units does not guarantee a liquid market for the units. 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.

(Where relevant – for funds included under CPFIS) The Central Provident Fund (“CPF”) Ordinary Account (“OA”) interest rate is the legislated minimum 2.5% per annum, or the 3-month average of major local banks’ interest rates, whichever is higher, reviewed quarterly. The interest rate for Special Account (“SA”) is currently 4% per annum or the 12-month average yield of 10-year Singapore Government Securities plus 1%, whichever is higher, reviewed quarterly. Only monies in excess of \$20,000 in OA and \$40,000 in SA can be invested under the CPF Investment Scheme (“CPFIS”). Please refer to the website of the CPF Board for further information. Investors should note that the applicable interest rates for the CPF accounts and the terms of CPFIS may be varied by the CPF Board from time to time.

Nikko Asset Management Asia Limited. Registration Number 198202562H.

NIKKOAM-ICBCSG CHINA BOND ETF

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

REPORT OF THE TRUSTEE

For the financial year ended 31 December 2023

The Trustee is under a duty to take into custody and hold the assets of NikkoAM-ICBCSG China Bond ETF (the "Fund") in trust for the unitholders. In accordance with the Securities and Futures Act 2001, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 10 to 28, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee
DBS Trustee Limited

Authorised signatory
27 March 2024

NIKKOAM-ICBCSG CHINA BOND ETF

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

STATEMENT BY THE MANAGER

For the financial year ended 31 December 2023

In the opinion of Nikko Asset Management Asia Limited, the accompanying financial statements set out on pages 10 to 28, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of NikkoAM-ICBCSG China Bond ETF (the "Fund") as at 31 December 2023, and the financial performance and movements in unitholders' funds for the financial year ended 31 December 2023 in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager
Nikko Asset Management Asia Limited

Authorised signatory
27 March 2024

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF NIKKOAM-ICBCSG CHINA BOND ETF**
(Constituted under a Trust Deed registered in the Republic of Singapore)

Our Opinion

In our opinion, the accompanying financial statements of NikkoAM-ICBCSG China Bond ETF (the "Fund") are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants ("RAP 7"), so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 31 December 2023, and the financial performance and movements of unitholders' funds for the financial year ended on that date.

What we have audited

The financial statements of the Fund comprise:

- the Statement of Total Return for the financial year ended 31 December 2023;
- the Statement of Financial Position as at 31 December 2023;
- the Statement of Movements of Unitholders' Funds for the financial year then ended;
- the Statement of Portfolio as at 31 December 2023; and
- the notes to the financial statements, including material accounting policy information.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Fund in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF NIKKOAM-ICBCSG CHINA BOND ETF**
(Constituted under a Trust Deed registered in the Republic of Singapore)

Other Information

The Fund's Manager (the "Manager") is responsible for the other information. The other information comprises all the sections of the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to terminate the Fund or to cease the Fund's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF NIKKOAM-ICBCSG CHINA BOND ETF**
(Constituted under a Trust Deed registered in the Republic of Singapore)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lim Kheng Wah.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 27 March 2024

NIKKOAM-ICBCSG CHINA BOND ETF*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial year ended 31 December 2023*

	Note	2023 RMB	2022 RMB
Income			
Interest on cash and cash equivalents		<u>34,264</u>	<u>31,284</u>
Less: Expenses			
Management fee		2,243,535	2,260,799
Expenses reimbursement	2(c)	(45,394)	(71,116)
Custody fee		359,123	369,667
Transaction costs		14,922	22,782
Trustee fee		299,634	303,929
Administrator fee		283,982	286,368
Audit fee		135,384	130,052
Other expenses		<u>1,081,640</u>	<u>1,210,971</u>
		<u>4,372,826</u>	<u>4,513,452</u>
Net losses		<u>(4,338,562)</u>	<u>(4,482,168)</u>
Net gains or losses on value of investments			
Net gains on investments		57,491,949	45,439,084
Net gains/(losses) on foreign exchange		<u>139,971</u>	<u>(291,309)</u>
		<u>57,631,920</u>	<u>45,147,775</u>
Total return for the financial year before income tax		<u>53,293,358</u>	<u>40,665,607</u>
Less: Income tax	3	<u>(3,426)</u>	<u>(3,128)</u>
Total return for the financial year after income tax		<u>53,289,932</u>	<u>40,662,479</u>

The accompanying notes form an integral part of these financial statements.

NIKKOAM-ICBCSG CHINA BOND ETF*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF FINANCIAL POSITION***As at 31 December 2023*

	Note	2023 RMB	2022 RMB
ASSETS			
Portfolio of investments		1,453,197,680	1,478,512,923
Cash and cash equivalents		35,761,773	15,404,044
Prepayment		4,491	21,800
Total assets		1,488,963,944	1,493,938,767
LIABILITIES			
Payables	4	980,855	828,592
Distributions payable	5	2,963,820	3,839,166
Total liabilities		3,944,675	4,667,758
EQUITY			
Net assets attributable to unitholders	6	1,485,019,269	1,489,271,009

The accompanying notes form an integral part of these financial statements.

NIKKOAM-ICBCSG CHINA BOND ETF*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial year ended 31 December 2023*

	Note	2023 RMB	2022 RMB
Net assets attributable to unitholders at the beginning of financial year		1,489,271,009	1,499,918,498
Operations			
Change in net assets attributable to unitholders resulting from operations		53,289,932	40,662,479
Unitholders' contributions/(withdrawals)			
Creation of units		72,671,552	100,129,850
Cancellation of units		(123,198,092)	(143,257,676)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		(50,526,540)	(43,127,826)
Distributions	5	(7,015,132)	(8,182,142)
Total decrease in net assets attributable to unitholders		(4,251,740)	(10,647,489)
Net assets attributable to unitholders at the end of financial year	6	1,485,019,269	1,489,271,009

The accompanying notes form an integral part of these financial statements.

NIKKOAM-ICBCSG CHINA BOND ETF*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2023*

By Industry (Primary)	Holdings at 31 December 2023	Fair value 31 December 2023 RMB	Percentage of total net assets attributable to unitholders at 31 December 2023 %
Quoted Fixed Income Securities			
Banking			
Agricultural Development Bank of China 2.25% 22/04/2025	15,000,000	14,993,580	1.01
Agricultural Development Bank of China 2.46% 27/07/2025	15,000,000	15,032,295	1.01
Agricultural Development Bank of China 2.50% 24/08/2027	10,000,000	10,016,880	0.68
Agricultural Development Bank of China 2.55% 11/05/2026	10,000,000	10,049,290	0.68
Agricultural Development Bank of China 2.61% 09/03/2025	10,000,000	10,038,980	0.68
Agricultural Development Bank of China 2.74% 23/02/2027	10,000,000	10,098,680	0.68
Agricultural Development Bank of China 2.83% 16/06/2033	10,000,000	10,062,650	0.68
Agricultural Development Bank of China 2.87% 14/05/2027	19,000,000	19,260,091	1.30
Agricultural Development Bank of China 2.90% 08/03/2028	10,000,000	10,154,630	0.69
Agricultural Development Bank of China 2.96% 17/04/2030	15,000,000	15,256,185	1.03
Agricultural Development Bank of China 2.97% 14/10/2032	10,000,000	10,168,500	0.68
Agricultural Development Bank of China 2.99% 11/08/2026	5,000,000	5,078,480	0.34
Agricultural Development Bank of China 3.01% 16/03/2030	5,000,000	5,098,665	0.34
Agricultural Development Bank of China 3.06% 06/06/2032	5,000,000	5,114,515	0.34
Agricultural Development Bank of China 3.10% 27/02/2033	10,000,000	10,275,850	0.69
Agricultural Development Bank of China 3.30% 05/11/2031	15,000,000	15,587,790	1.05
Agricultural Development Bank of China 3.35% 24/03/2026	8,000,000	8,176,008	0.55
Agricultural Development Bank of China 3.45% 23/09/2025	10,000,000	10,190,080	0.69
Agricultural Development Bank of China 3.48% 04/02/2028	5,000,000	5,182,520	0.35
Agricultural Development Bank of China 3.52% 24/05/2031	13,000,000	13,698,074	0.92
Agricultural Development Bank of China 3.63% 19/07/2026	15,000,000	15,468,045	1.04
Agricultural Development Bank of China 3.74% 12/07/2029	13,000,000	13,753,155	0.93
Agricultural Development Bank of China 3.75% 25/01/2029	10,000,000	10,566,120	0.71
Agricultural Development Bank of China 3.79% 26/10/2030	10,000,000	10,677,840	0.72
Agricultural Development Bank of China 4.00% 12/11/2025	10,000,000	10,303,570	0.69
Agricultural Development Bank of China 4.65% 11/05/2028	5,000,000	5,431,305	0.37
China Development Bank 2.52% 25/05/2028	15,000,000	15,033,165	1.01
China Development Bank 2.59% 11/01/2026	10,000,000	10,054,880	0.68
China Development Bank 2.59% 17/03/2025	5,000,000	5,022,610	0.34
China Development Bank 2.65% 24/02/2027	10,000,000	10,073,100	0.68
China Development Bank 2.69% 16/06/2027	10,000,000	10,080,970	0.68
China Development Bank 2.73% 11/01/2028	10,000,000	10,100,590	0.68
China Development Bank 2.77% 24/10/2032	10,000,000	10,022,650	0.67
China Development Bank 2.82% 22/05/2033	10,000,000	10,091,010	0.68
China Development Bank 2.83% 10/09/2026	10,000,000	10,123,290	0.68
China Development Bank 2.96% 18/07/2032	10,000,000	10,162,660	0.68
China Development Bank 2.98% 22/04/2032	10,000,000	10,175,390	0.69
China Development Bank 2.99% 01/03/2029	5,000,000	5,095,660	0.34
China Development Bank 3.00% 17/01/2032	13,000,000	13,241,176	0.89
China Development Bank 3.02% 06/03/2033	10,000,000	10,223,790	0.69
China Development Bank 3.07% 10/03/2030	15,000,000	15,377,370	1.04
China Development Bank 3.09% 09/08/2028	5,000,000	5,121,760	0.34
China Development Bank 3.09% 18/06/2030	10,000,000	10,257,520	0.69

The accompanying notes form an integral part of these financial statements.

NIKKOAM-ICBCSG CHINA BOND ETF*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2023***By Industry (Primary)** (continued)

	Holdings at 31 December 2023	Fair value at 31 December 2023 RMB	Percentage of total net assets attributable to unitholders at 31 December 2023 %
Quoted Fixed Income Securities (continued)			
Banking (continued)			
China Development Bank 3.12% 13/09/2031	15,000,000	15,401,385	1.04
China Development Bank 3.23% 10/01/2025	10,000,000	10,104,900	0.68
China Development Bank 3.30% 03/03/2026	5,000,000	5,103,110	0.34
China Development Bank 3.34% 14/07/2025	21,000,000	21,325,542	1.44
China Development Bank 3.39% 10/07/2027	10,000,000	10,305,600	0.69
China Development Bank 3.40% 08/01/2028	7,000,000	7,244,146	0.49
China Development Bank 3.41% 07/06/2031	13,000,000	13,596,089	0.92
China Development Bank 3.45% 20/09/2029	13,000,000	13,597,779	0.92
China Development Bank 3.48% 08/01/2029	10,000,000	10,433,150	0.70
China Development Bank 3.50% 13/08/2026	15,000,000	15,431,595	1.04
China Development Bank 3.65% 21/05/2029	10,000,000	10,534,540	0.71
China Development Bank 3.66% 01/03/2031	14,000,000	14,869,470	1.00
China Development Bank 3.68% 26/02/2026	12,000,000	12,341,388	0.83
China Development Bank 3.70% 20/10/2030	15,000,000	15,963,585	1.07
China Development Bank 4.04% 06/07/2028	10,000,000	10,644,050	0.72
China Development Bank 4.04% 10/04/2027	5,000,000	5,251,535	0.35
China Development Bank 4.15% 26/10/2025	15,000,000	15,484,170	1.04
China Development Bank 4.73% 02/04/2025	10,000,000	10,306,710	0.69
China Development Bank 4.88% 09/02/2028	13,000,000	14,193,751	0.96
Export Import Bank of China 2.50% 04/08/2028	10,000,000	9,989,510	0.67
Export Import Bank of China 2.57% 10/06/2025	10,000,000	10,042,780	0.68
Export Import Bank of China 2.61% 27/01/2027	10,000,000	10,063,190	0.68
Export Import Bank of China 2.64% 05/12/2025	10,000,000	10,061,320	0.68
Export Import Bank of China 2.74% 05/09/2029	5,000,000	5,032,780	0.34
Export Import Bank of China 2.82% 17/06/2027	10,000,000	10,123,390	0.68
Export Import Bank of China 2.85% 07/07/2033	5,000,000	5,039,850	0.34
Export Import Bank of China 2.90% 19/08/2032	10,000,000	10,118,720	0.68
Export Import Bank of China 2.93% 02/03/2025	10,000,000	10,074,780	0.68
Export Import Bank of China 3.10% 13/02/2033	10,000,000	10,274,480	0.69
Export Import Bank of China 3.18% 11/03/2032	10,000,000	10,312,150	0.69
Export Import Bank of China 3.22% 14/05/2026	11,000,000	11,219,527	0.76
Export Import Bank of China 3.23% 23/03/2030	11,000,000	11,351,164	0.76
Export Import Bank of China 3.26% 24/02/2027	8,000,000	8,203,264	0.55
Export Import Bank of China 3.33% 22/02/2026	15,000,000	15,298,680	1.03
Export Import Bank of China 3.38% 16/07/2031	15,000,000	15,673,935	1.06
Export Import Bank of China 3.40% 11/01/2028	5,000,000	5,170,925	0.35
Export Import Bank of China 3.43% 23/10/2025	14,000,000	14,276,024	0.96
Export Import Bank of China 3.74% 16/11/2030	13,000,000	13,850,681	0.93
Export Import Bank of China 3.86% 20/05/2029	5,000,000	5,314,520	0.36
Export Import Bank of China 4.89% 26/03/2028	12,000,000	13,137,120	0.88
		896,752,654	60.39

The accompanying notes form an integral part of these financial statements.

NIKKOAM-ICBCSG CHINA BOND ETF*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2023***By Industry (Primary)** (continued)Percentage of
total net assets
attributable to
unitholders at
31 December
2023
%Holdings at
31 December
2023Fair value at
31 December
2023
RMB**Quoted Fixed Income Securities** (continued)**Finance**

China Government Bond 2.18% 25/08/2025	20,000,000	19,995,080	1.34
China Government Bond 2.26% 24/02/2025	10,000,000	10,011,710	0.67
China Government Bond 2.28% 25/11/2025	20,000,000	20,025,580	1.35
China Government Bond 2.30% 15/05/2026	10,000,000	10,004,760	0.67
China Government Bond 2.37% 20/01/2027	15,000,000	15,015,720	1.01
China Government Bond 2.40% 15/07/2028	10,000,000	10,002,510	0.67
China Government Bond 2.44% 15/10/2027	10,000,000	10,022,850	0.67
China Government Bond 2.50% 25/07/2027	10,000,000	10,044,860	0.68
China Government Bond 2.52% 25/08/2033	5,000,000	4,976,895	0.34
China Government Bond 2.60% 01/09/2032	5,000,000	5,001,530	0.34
China Government Bond 2.62% 25/09/2029	5,000,000	5,034,095	0.34
China Government Bond 2.64% 15/01/2028	5,000,000	5,050,845	0.34
China Government Bond 2.67% 25/05/2033	5,000,000	5,034,120	0.34
China Government Bond 2.67% 25/11/2033	5,000,000	5,050,065	0.34
China Government Bond 2.68% 21/05/2030	25,000,000	25,210,525	1.70
China Government Bond 2.69% 12/08/2026	15,000,000	15,148,695	1.02
China Government Bond 2.69% 15/08/2032	10,000,000	10,074,720	0.68
China Government Bond 2.75% 15/06/2029	12,000,000	12,173,640	0.82
China Government Bond 2.75% 17/02/2032	25,000,000	25,327,825	1.71
China Government Bond 2.76% 15/05/2032	5,000,000	5,063,920	0.34
China Government Bond 2.80% 24/03/2029	10,000,000	10,167,550	0.68
China Government Bond 2.80% 15/11/2032	10,000,000	10,173,100	0.69
China Government Bond 2.85% 04/06/2027	23,000,000	23,371,358	1.57
China Government Bond 2.88% 25/02/2033	5,000,000	5,122,985	0.34
China Government Bond 2.89% 18/11/2031	10,000,000	10,230,500	0.69
China Government Bond 2.91% 14/10/2028	12,000,000	12,280,308	0.83
China Government Bond 3.01% 13/05/2028	15,000,000	15,409,455	1.04
China Government Bond 3.02% 22/10/2025	20,000,000	20,305,180	1.37
China Government Bond 3.02% 27/05/2031	16,000,000	16,517,024	1.11
China Government Bond 3.03% 11/03/2026	25,000,000	25,449,700	1.71
China Government Bond 3.12% 05/12/2026	20,000,000	20,493,340	1.38
China Government Bond 3.13% 21/11/2029	15,000,000	15,541,230	1.05
China Government Bond 3.22% 06/12/2025	10,000,000	10,209,240	0.69
China Government Bond 3.25% 06/06/2026	15,000,000	15,375,675	1.04
China Government Bond 3.25% 22/11/2028	15,000,000	15,606,750	1.05
China Government Bond 3.27% 19/11/2030	17,000,000	17,841,976	1.20
China Government Bond 3.28% 03/12/2027	10,000,000	10,378,500	0.70
China Government Bond 3.29% 23/05/2029	10,000,000	10,443,170	0.70
China Government Bond 3.61% 07/06/2025	10,000,000	10,248,370	0.69
China Government Bond 3.69% 17/05/2028	10,000,000	10,616,980	0.71
China Government Bond 3.85% 01/02/2028	10,000,000	10,685,950	0.72
China Government Bond 2.35% 15/03/2025	10,000,000	10,025,100	0.68
		534,763,386	36.01

The accompanying notes form an integral part of these financial statements.

NIKKOAM-ICBCSG CHINA BOND ETF*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2023***By Industry (Primary)** (continued)

	Holdings at 31 December 2023	Fair value at 31 December 2023 RMB	Percentage of total net assets attributable to unitholders at 31 December 2023 %
Quoted Fixed Income Securities (continued)			
Total Quoted Fixed Income Securities		1,431,516,040	96.40
Accrued interest receivable on quoted fixed income securities		21,681,640	1.46
Portfolio of investments		1,453,197,680	97.86
Other net assets		31,821,589	2.14
Net assets attributable to unitholders		1,485,019,269	100.00

By Industry (Summary)

	Fair value at 31 December 2023 RMB	Percentage of total net assets attributable to unitholders at 31 December 2023 %	Percentage of total net assets attributable to unitholders at 31 December 2022 %
Banking	896,752,654	60.39	57.66
Finance	534,763,386	36.01	40.03
Accrued interest receivable on quoted fixed income securities	21,681,640	1.46	1.59
Portfolio of investments	1,453,197,680	97.86	99.28
Other net assets	31,821,589	2.14	0.72
Net assets attributable to unitholders	1,485,019,269	100.00	100.00

As the Fund invests wholly into China fixed income securities, it is therefore not meaningful to classify the investments into geography.

The accompanying notes form an integral part of these financial statements.

NIKKOAM-ICBCSG CHINA BOND ETF

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

NikkoAM-ICBCSG China Bond ETF (the “Fund”) is a Singapore domiciled fund constituted under a Trust Deed dated 19 October 2020 (referred to as the “Deed”). The Deed is governed by the laws of the Republic of Singapore. The Trustee of the Fund is DBS Trustee Limited (the “Trustee”). The Manager of the Fund is Nikko Asset Management Asia Limited (the “Manager”).

There are currently 2 classes of units established within the Fund, namely the RMB Class and SGD Class. The classes differ in terms of the currency of denomination, dividend payouts and creations and redemption settlement cycles. As of 31 December 2023, units in the RMB Class and SGD Class have been issued.

2. Material accounting policy information

The principal accounting policies applied in the preparation of these financial statements are set out below.

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial instruments at fair value and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Investment Funds” (“RAP 7”) issued and revised by the Institute of Singapore Chartered Accountants in August 2023 for the financial year beginning on or after 1 January 2023.

The adoption of the revised RAP 7 did not result in substantial changes to the accounting policies of the Fund and had no material effect on the amounts reported for the current or prior years.

(b) Recognition of income

Interest income is recognised on a time-proportion basis using the effective interest rate method.

(c) Expenses reimbursement

As stipulated in the Fund’s prospectus, the Manager intends to cap the total expense ratio of the Fund at 0.30% per annum of the net asset value. Any fees and expenses that are payable by the Fund and are in excess of 0.30% per annum of the net asset value will be borne by the Manager and not the Fund.

(d) Foreign currency translation

(i) *Functional and presentation currency*

The Fund qualifies as an authorised scheme under the Securities and Futures Act 2001 (“SFA”) of Singapore and is offered to retail investors in Singapore. The Fund’s activities are substantially based in Singapore, with subscriptions and redemptions of the units of the Fund being denominated in Renminbi (“RMB”) for RMB Class and Singapore Dollar (“SGD”) for SGD Class.

NIKKOAM-ICBCSG CHINA BOND ETF

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

(d) Foreign currency translation (continued)

(i) *Functional and presentation currency (continued)*

The performance of the Fund is measured and reported to the investors in RMB. The Manager considers RMB as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are expressed in RMB, which is the Fund's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency monetary assets and liabilities are translated into RMB at the rates of exchange prevailing at the date of the Statement of Financial Position. The net unrealised gain or loss is taken to the Statement of Total Return within the net foreign exchange gain or loss. Transactions during the financial year are recorded in RMB at the rates of exchange ruling on transaction dates. All realised gains or losses are recognised in the Statement of Total Return.

(e) Distributions

The Manager has the absolute discretion to determine whether a distribution is to be made. In such an event, an appropriate amount will be transferred to a distribution account to be paid on the distribution date. The amount shall not be treated as part of the property of the Fund. Distributions are accrued for at the point in time when the necessary approvals have been obtained and a legal or constructive obligation has been created.

(f) Investments

Investments are classified as financial assets at fair value through profit or loss.

(i) *Initial recognition*

Purchases of investments are recognised on the trade date. Investments are recorded at fair value on initial recognition.

(ii) *Subsequent measurement*

Investments are subsequently carried at fair value. Net change in fair value on investments are included in the Statement of Total Return in the year in which they arise.

(iii) *Derecognition*

Investments are derecognised on the trade date of disposal. The resultant realised gains or losses on the sales of investments are computed on the basis of the difference between the weighted average cost and selling price gross of transaction costs and are taken up in the Statement of Total Return.

NIKKOAM-ICBCSG CHINA BOND ETF

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

(g) Basis of valuation of investments

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The quoted market price for these investments held by the Fund is the current market quoted mid price furnished by the index provider, a pricing service approved by the Manager and the Trustee. Accrued interest or discount or premium on fixed income securities at financial year end date is included in the fair value of fixed income securities. Interest income on fixed income securities is presented within "Net gains on investments" in the Statement of Total Return.

(h) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

(i) Sales and purchases awaiting settlement

Sales and purchases awaiting settlement represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the Statement of Financial Position date respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks which are subject to an insignificant risk of changes in value.

(k) Payables

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

(l) Expenses

Expenses are recognised in the Statement of Total Return as the related services are performed.

(m) Management fee

Management fee expense is recognised on an accrual basis and in accordance with the Prospectus. Management fee is recognised as an expense over the period for which the service is provided. The management fee charged on any investment in other unit trusts managed by the Manager is rebated back to the Fund, where applicable.

(n) Creation and cancellation of units

Units are issued and redeemed at the prices based on the Fund's net asset value per unit at the time of issue or redemption for each respective class. The Fund's net asset value per unit is calculated by dividing the net asset attributable to the unitholders of each class of units.

NIKKOAM-ICBCSG CHINA BOND ETF

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

3. Income tax

The Fund has been approved by the Monetary Authority of Singapore ("MAS") under the Enhanced Tier Fund ("ETF") Scheme (Section 13U of the Income Tax Act 1947 and the relevant Regulations). Subject to certain conditions being met on an annual basis, the Fund may enjoy Singapore corporate income tax exemption on "specified income" derived from "designated investments" for the life of the Fund. The tax exemption does not apply in the financial year when the relevant conditions are not met. Losses from "designated investments" are correspondingly disregarded. The terms "specified income" and "designated investments" are defined in the relevant income tax regulations. The Manager and the Trustee of the Fund will ensure that the Fund fulfills its reporting obligations under the ETF Scheme.

	2023 RMB	2022 RMB
Withholding tax	<u>3,426</u>	<u>3,128</u>

The withholding tax represents tax deducted at source on interest income.

4. Payables

	2023 RMB	2022 RMB
Amount due to the Manager	528,635	514,732
Amount due to the Trustee	25,154	25,366
Valuation fees payable	23,896	24,097
Custody fees payable	28,927	30,753
Provision for audit fee	134,258	134,953
Other payables	239,985	98,691
	<u>980,855</u>	<u>828,592</u>

Amount due to the Manager comprises management fee payable to and expenses reimbursement due from Nikko Asset Management Asia Limited. Trustee fee is payable to DBS Trustee Limited. Administrator fee and custody fee are payable to DBS Bank Limited.

5. Distributions

	2023 RMB	2022 RMB
Interim distributions of S\$0.0136 (SGD Class) per unit in respect of the financial year ended 31 December 2023	4,051,312	-
Final distributions of S\$0.0128 (SGD Class) per unit in respect of the financial year ended 31 December 2023	2,963,820	-
Interim distributions of S\$0.0155 (SGD Class) per unit in respect of the financial year ended 31 December 2022	-	4,342,976
Final distributions of S\$0.0139 (SGD Class) per unit in respect of the financial year ended 31 December 2022	-	3,839,166
	<u>7,015,132</u>	<u>8,182,142</u>

NIKKOAM-ICBCSG CHINA BOND ETF

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

6. Units in issue

During the financial year ended 31 December 2023 and 2022, the number of units issued, redeemed and outstanding were as follow:

RMB Class	2023	2022
Units at beginning of the financial year	225,115,000	223,842,000
Units created	399,000	2,850,000
Units cancelled	(345,000)	(1,577,000)
Units at end of the financial year	225,169,000	225,115,000
Net assets attributable to unitholders – RMB	1,267,544,302	1,222,717,876
Net asset value per unit – RMB	5.6293	5.4315
SGD Class	2023	2022
Units at beginning of the financial year	53,334,000	63,232,000
Units created	13,913,000	16,808,000
Units cancelled	(24,089,000)	(26,706,000)
Units at end of the financial year	43,158,000	53,334,000
Net assets attributable to unitholders – RMB	217,474,967	266,553,133
Net asset value per unit – RMB	5.0390	4.9978

A reconciliation of the net asset value as reported in the Statement of Financial Position to the net asset value as determined for the purpose of processing unit subscription and redemption is provided below:

RMB Class	2023	2022
	RMB	RMB
Net assets attributable to unitholders per financial statements	5.6293	5.4315
Effect for movement in the net assets value between the last dealing date and the end of the reporting period [^]	(0.0021)	(0.0001)
Net assets attributable to unitholders for issuing/redeeming per unit	5.6272	5.4314
SGD Class	2023	2022
	RMB	RMB
Net assets attributable to unitholders per financial statements	5.0390	4.9978
Effect for movement in the net assets value between the last dealing date and the end of the reporting period [^]	(0.0019)	(0.0002)
Effect of distribution per unit	0.0687	0.0720
Net assets attributable to unitholders for issuing/redeeming per unit	5.1058	5.0696

[^] The net asset value for the purposes of processing unit subscription and redemption was established in accordance with the methodology indicated in the Fund's Prospectus. This item reflects the movement in net asset value between the last dealing date and the end of reporting period.

NIKKOAM-ICBCSG CHINA BOND ETF

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

7. Financial risk management

The Fund's activities expose it to a variety of risk, including but not limited to market risk (including price risk, interest rate risk and currency risk), liquidity risk and credit risk. The Manager is responsible for the implementation of the overall risk management programme, which seeks to minimise potential adverse effects on the Fund's financial performance. Specific guidelines on exposures to individual securities and certain industries and/or countries are in place as part of the overall financial risk management to reduce the Fund's risk exposures to these risks.

The Fund's primary objective is to achieve long term capital growth by replicating the returns of the ChinaBond ICBC 1-10 Year Treasury and Policy Bank Bond Index (the "Benchmark"), or such other index that gives the same or substantially similar exposure as the Index before fees and expenses.

The financial instruments are held in accordance with the published investment policies of the Fund and managed accordingly to achieve the investment objectives.

(a) Market risk – Price risk

Price risk is the risk that arises from uncertainties about future prices of financial instruments.

The Fund's investment is substantially dependent on the changes of market prices. The Fund's overall market positions are monitored regularly so as to assess changes in fundamentals and valuation. However, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the net asset value of the Fund.

The Fund's market price risk is managed through diversification of the investment portfolio consisting of Chinese treasury bonds and bonds issued by the 3 Chinese policy banks. The 3 Chinese policy banks refer 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.

The market prices of financial assets held by the Fund are primarily dependent on prevailing market interest rates, as the Fund invests primarily in bonds issued by the Chinese government and China's policy banks. Hence, no separate price risk sensitivity analysis is prepared as it is covered as part of interest rate risk sensitivity analysis.

NIKKOAM-ICBCSG CHINA BOND ETF

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

7. Financial risk management (continued)

(b) Market risk – Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates (fair value risk).

The Manager will regularly assess the economic condition, monitor changes in interest rates outlook and take appropriate measures accordingly to control the impact of interest rate risk. The Fund's overall market positions are monitored frequently and are reviewed formally on a quarterly basis by the Manager.

The table below summarises the Fund's exposure to interest rate risk. They include the Fund's assets and liabilities categorised by the earlier of contractual re-pricing or maturity dates.

As at 31 December 2023

	<u>Floating rate</u>	<u>Up to 1 year</u>	<u>Fixed rate</u>	<u>Over 5 years</u>	<u>Non-interest bearing</u>	<u>Total</u>
	RMB	RMB	1-5 years RMB	RMB	RMB	RMB
Assets						
Portfolio of investments	-	-	836,260,322	595,255,718	21,681,640	1,453,197,680
Cash and cash equivalents	35,761,773	-	-	-	-	35,761,773
Prepayment	-	-	-	-	4,491	4,491
Total assets	35,761,773	-	836,260,322	595,255,718	21,686,131	1,488,963,944
Liabilities						
Payables	-	-	-	-	980,855	980,855
Distributions payable	-	-	-	-	2,963,820	2,963,820
Total liabilities	-	-	-	-	3,944,675	3,944,675

As at 31 December 2022

	<u>Floating rate</u>	<u>Up to 1 year</u>	<u>Fixed rate</u>	<u>Over 5 years</u>	<u>Non-interest bearing</u>	<u>Total</u>
	RMB	RMB	1-5 years RMB	RMB	RMB	RMB
Assets						
Portfolio of investments	-	-	824,480,253	630,438,074	23,594,596	1,478,512,923
Cash and cash equivalents	15,404,044	-	-	-	-	15,404,044
Prepayment	-	-	-	-	21,800	21,800
Total assets	15,404,044	-	824,480,253	630,438,074	23,616,396	1,493,938,767
Liabilities						
Payables	-	-	-	-	828,592	828,592
Distributions payable	-	-	-	-	3,839,166	3,839,166
Total liabilities	-	-	-	-	4,667,758	4,667,758

As at 31 December 2023, an increase/decrease of interest rates by 1% (2022: 1%), with all other variables remaining constant, would result in a decrease/increase of the net assets attributable to unitholders by approximately 4% (2022: 4%). Reasonable possible changes in interest rates are revised annually depending on the Manager's current view of market volatility and other factors.

NIKKOAM-ICBCSG CHINA BOND ETF*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***7. Financial risk management (continued)****(c) Market risk – Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

To minimise currency risk, the Fund mainly holds its excess cash in its functional currency. For hedging purposes, the Fund may also enter into forward foreign exchange contracts.

The table below summarises the Fund's exposure to currency risks.

As at 31 December 2023	RMB RMB	SGD RMB	Total RMB
Assets			
Portfolio of investments	1,453,197,680	-	1,453,197,680
Cash and cash equivalents	33,826,146	1,935,627	35,761,773
Prepayment	-	4,491	4,491
Total assets	1,487,023,826	1,940,118	1,488,963,944
Liabilities			
Payables	-	980,855	980,855
Distributions payable	-	2,963,820	2,963,820
Total liabilities	-	3,944,675	3,944,675
Net currency exposure	1,487,023,826	(2,004,557)	
As at 31 December 2022			
	RMB RMB	SGD RMB	Total RMB
Assets			
Portfolio of investments	1,478,512,923	-	1,478,512,923
Cash and cash equivalents	12,998,855	2,405,189	15,404,044
Prepayment	-	21,800	21,800
Total assets	1,491,511,778	2,426,989	1,493,938,767
Liabilities			
Payables	-	828,592	828,592
Distributions payable	-	3,839,166	3,839,166
Total liabilities	-	4,667,758	4,667,758
Net currency exposure	1,491,511,778	(2,240,769)	

As of 31 December 2023 and 2022, the Fund does not hold substantial monetary assets/liabilities denominated in foreign currencies. Changes in foreign exchange rates on monetary assets/liabilities will not result in a significant change in the net asset value of the Fund. Hence, no separate sensitivity analysis on foreign currency risk has been presented.

NIKKOAM-ICBCSG CHINA BOND ETF

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

7. Financial risk management (continued)

(d) Liquidity risk

Liquidity risk is the risk of loss arising from the inability of the Fund to meet its obligations as and when they fall due without incurring unacceptable cost or losses.

The Fund is exposed to daily cash redemptions from unitholders. However, in accordance with the Fund's prospectus, minimum redemption size is set.

To manage the liquidity risk, a cash buffer is maintained in the Fund and monitored for minimum cash balances to prevent any extensive disposition of assets which may occur at lower prices and overdraft situations to meet trade settlements and obligations.

The Fund's financial liabilities are analysed using contractual undiscounted cash flows for maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date. As at 31 December 2023 and 2022, all liabilities are either payable upon demand or due in less than 3 months. The impact of discounting is not significant.

	<u>Less than 3 months</u>	
	As at 31 December 2023 RMB	As at 31 December 2022 RMB
Payables	980,855	828,592
Distributions payable	2,963,820	3,839,166
Contractual cash outflows	3,944,675	4,667,758

(e) Credit risk

Credit risk is the risk that a counterparty will be unable to fulfil its obligation to the Fund in part or in full as and when they fall due.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties as well as the respective credit limits are approved;
- ensuring there are controls in place to identify and assess the creditworthiness of counterparties and review such controls on a semi-annual basis; and
- ensuring that transactions are undertaken with a large number of counterparties.

The Fund is also exposed to counterparty credit risk on its financial assets held at amortised cost. As at 31 December 2023 and 2022, the Fund's financial assets held at amortised cost as disclosed in the Statement of Financial Position are realised within three months. The Manager considers the probability of default to be insignificant as the counterparties generally have a strong capacity to meet their contractual obligations in the near term. Hence, no loss allowance has been recognised based on the 12 month expected credit losses as any such impairment would be insignificant to the Fund.

NIKKOAM-ICBCSG CHINA BOND ETF

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

7. Financial risk management (continued)

(e) Credit risk (continued)

The table below analyses the Fund's investments by credit ratings:

	Fair value at 31 December 2023
	Fixed rate securities RMB
A1	814,497,164
Not rated **	617,018,876
Accrued interest receivables on quoted fixed income securities	21,681,640
Total	1,453,197,680

	Fair value at 31 December 2022
	Fixed rate securities RMB
A1	844,436,679
Not rated **	610,481,648
Accrued interest receivables on quoted fixed income securities	23,594,596
Total	1,478,512,923

** Not rated securities are supported by internal and other rating agencies credit ratings but are not disclosed due to licensing restrictions.

All trade settlement with approved counterparties are on Delivery versus Payment and/or Receipt versus Payment basis, with the exception of initial public offerings, new issues and placement transactions.

Credit risk arises from cash and cash equivalents and outstanding and committed transactions with brokers (where applicable). The table below summarises the credit rating of bank and custodian in which the Fund's assets are held as at 31 December 2023 and 2022.

	Credit rating as at 31 December 2023	Credit rating as at 31 December 2022
Bank and custodian		
- DBS Bank Limited	Aa1	Aa1
Bank		
- Industrial and Commercial Bank of China Ltd	A1	A1

The credit ratings are based on the Long-Term Local Issuer Ratings from Moody's.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial instruments.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

7. Financial risk management (continued)

(f) Capital management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

(g) Fair value estimation

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 31 December 2023 and 2022:

	Level 1 RMB	Level 2 RMB	Level 3 RMB	Total RMB
As at 31 December 2023				
Assets				
Portfolio of investments:				
- Quoted fixed income securities	-	1,453,197,680	-	1,453,197,680
	Level 1 RMB	Level 2 RMB	Level 3 RMB	Total RMB
As at 31 December 2022				
Assets				
Portfolio of investments:				
- Quoted fixed income securities	-	1,478,512,923	-	1,478,512,923

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include bonds issued by the Chinese government and China's policy banks.

The assets and liabilities included in the Statement of Financial Position except portfolio of investments are carried at amortised cost; their carrying values are reasonable approximation of fair value.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

8. Related party transactions

In addition to related party information shown elsewhere in the financial statements, the following significant transactions took place during the financial year between the Fund and the related party at terms agreed between the parties and within the provisions of the Deeds:

	2023	2022
	RMB	RMB
Bank balances held with related party of the Trustee	23,177,432	7,570,276

9. Financial ratios

Expense ratio

		2023	2022
<u>RMB Class</u>			
Total operating expenses	RMB	3,609,689	3,592,625
Average daily net asset value	RMB	1,244,350,419	1,207,374,372
Total expense ratio¹	%	0.29	0.30

SGD Class

Total operating expenses	RMB	748,215	898,045
Average daily net asset value	RMB	249,434,651	299,268,724
Total expense ratio¹	%	0.30	0.30

Turnover ratio

		2023	2022
Lower of total value of purchases or sales	RMB	348,494,194	535,081,671
Average daily net asset value	RMB	1,493,785,070	1,506,643,096
Total turnover ratio²	%	23.33	35.51

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 financial year end was based on total operating expenses divided by the average net asset value for the financial year. The total operating expenses do not include (where applicable) 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 or sales of the underlying investments, divided by the average daily net asset value.

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REPORT TO UNITHOLDERS

For the financial year ended 31 December 2023

The following contains additional information relating to the Fund.

1. Distribution of investments

Please refer to the Statement of Portfolio on pages 13 to 16.

2. Credit rating of debt securities

	Fair value at 31 December 2023 RMB	Percentage of total net assets attributable to unitholders at 31 December 2023 %
A1	814,497,164	54.85
Not rated	617,018,876	41.55
Accrued interest receivable on quoted fixed income securities	21,681,640	1.46
Total	1,453,197,680	97.86

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REPORT TO UNITHOLDERS

For the financial year ended 31 December 2023

3. Top 10 holdings

10 largest holdings at 31 December 2023

	Fair value RMB	Percentage of total net assets attributable to unitholders %
China Government Bond 3.03% 11/03/2026	25,449,700	1.71
China Government Bond 2.75% 17/02/2032	25,327,825	1.71
China Government Bond 2.68% 21/05/2030	25,210,525	1.70
China Government Bond 2.85% 04/06/2027	23,371,358	1.57
China Development Bank 3.34% 14/07/2025	21,325,542	1.44
China Government Bond 3.12% 05/12/2026	20,493,340	1.38
China Government Bond 3.02% 22/10/2025	20,305,180	1.37
China Government Bond 2.28% 25/11/2025	20,025,580	1.35
China Government Bond 2.18% 25/08/2025	19,995,080	1.34
Agricultural Development Bank of China 2.87% 14/05/2027	19,260,091	1.30

10 largest holdings at 31 December 2022

	Fair value RMB	Percentage of total net assets attributable to unitholders %
China Government Bond 2.68% 21/05/2030	44,506,125	2.99
China Government Bond 2.47% 02/09/2024	35,082,215	2.36
China Government Bond 2.85% 04/06/2027	33,334,884	2.24
China Government Bond 3.02% 22/10/2025	30,471,390	2.05
China Government Bond 2.94% 17/10/2024	30,324,600	2.04
China Government Bond 1.99% 09/04/2025	29,729,430	1.99
China Government Bond 3.27% 19/11/2030	27,935,901	1.88
China Government Bond 3.25% 06/06/2026	25,587,600	1.72
China Development Bank 2.98% 08/01/2024	25,190,000	1.69
China Government Bond 2.75% 17/02/2032	24,754,700	1.66

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REPORT TO UNITHOLDERS

For the financial year ended 31 December 2023

4. Exposure to derivatives

Nil

5. Global exposure to financial derivatives

Nil

6. Collateral

Nil

7. Securities lending or repurchase transactions

Nil

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

Nil

9. Borrowings

Nil

10. Amount of units created and cancelled for the financial year ended 31 December 2023

RMB

Units created
Units cancelled

72,671,552
(123,198,092)

11. Turnover ratio

Please refer to Note 9 of the Notes to the Financial Statements on page 28.

12. Expense ratio

Please refer to Note 9 of the Notes to the Financial Statements on page 28.

13. Related party transactions

Please refer to Note 8 of the Notes to the Financial Statements on page 28.

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

Nil

15. Soft dollar commissions/arrangements

In its management of the Fund, the Manager currently does not receive or enter into any soft dollar commission or arrangements.

Intentionally left blank.

