

NikkoAM-StraitsTrading Asia ex Japan REIT ETF – DIVIDEND DISTRIBUTION

SGX Stock Code: CFA

Bloomberg Ticker: AXJREIT SP

11 October 2023 – On 15 September 2023, Nikko Asset Management Asia Limited, manager of the NikkoAM-StraitsTrading Asia ex Japan REIT ETF (the “Fund”), announced a dividend distribution of S\$0.0131 per unit for the period from 1 May 2023 to 31 July 2023 registered in the name of each holder of the Fund.

The dividend distribution is subject to the tax transparency treatment for distributions received by the Fund from real estate investment trusts or corporations listed on the Singapore Exchange Securities Trading Limited. The table below shows the breakdown of the dividend distribution that is subject to tax transparency treatment.

Subcomponents	Source of distribution	Distribution (SGD per Unit)
(1) Taxable income component ¹	Qualifying S-REIT distribution	0.0041565
(2) Capital component ²	Capital	0.0026007
(3) Tax exempt income	Tax exempt income	0.0021777 [^]
(4) Other income and gains ³	Other income and gains from disposal of securities	0.0041651
Total		0.0131

[^] This amount of distribution is tax-exempted. Holders do not have to declare this distribution in their Singapore tax returns

¹ The beneficial owner of this distribution, other than a "Qualifying Individual", is liable to Singapore Income Tax on the amount of gross income distribution. A "Qualifying Individual" is not subject to tax on this distribution. A "Qualifying Individual" refers to an individual whose receipt of the distribution is not considered as gains or profits from any trade, business or profession carried on by him/her and is not derived from units held through a partnership in Singapore. The beneficial owner, other than a "Qualifying Individual", is required to declare the amount of gross income distribution as taxable income in the Income Tax Return (for the Year of Assessment 2024 – SGD 0.0039104 per Unit and for the Year of Assessment 2025 – SGD 0.0002461 per Unit), unless the beneficial owner is exempt from tax because of its own circumstances.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%. A qualifying foreign non-individual investor is a non-individual person who is not a resident in Singapore for income tax purposes and: (i) who does not have any permanent establishment in Singapore; or (ii) who carries on any operation in Singapore through a permanent establishment in Singapore, but the funds used to acquire the units in the Fund are not obtained from that operation in Singapore.

All other investors (excluding Qualifying Investors) will receive their distributions after deduction of tax at the rate of 17%. Qualifying Investors are:

- (i) Individuals (including those who purchased units in the Fund through agent banks or SRS operators which act as their nominee under the CPF Investment Scheme or the Supplementary Retirement Scheme respectively);
- (ii) Companies incorporated and tax resident in Singapore;
- (iii) Singapore branches of companies incorporated outside Singapore;
- (iv) Bodies of persons (excluding companies or partnerships) incorporated or registered in Singapore, including charities registered under the Charities Act (Cap 37) or established by any written law, town councils, statutory boards, co-operative societies registered under the Co-operatives Societies Act (Cap 62) or trade unions registered under the Trade Unions Act (Cap 333); and
- (v) International Organisations that are exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap 145).

² This amount of distribution is treated as a return of capital for Singapore income tax purposes. For holders who hold the units as trading or business assets and are liable to Singapore income tax on gains arising from the disposal of units, the amount of capital distributions should be applied to reduce the costs of the units for the purpose of calculating the amount of taxable trading gains when the units are subsequently disposed of. If the amount of capital distributions exceeds the cost of the units, the excess will be subjected to tax as trading income of such holders. The sale proceeds of all subsequent sales of remaining units will also be fully taxable.

³ The DUT scheme has expired on 31 March 2019. However, the Fund may continue to enjoy the Designated Unit Trust ("DUT") status if it continues to meet all the specified conditions of the DUT scheme and the annual declaration form is submitted to the IRAS within the specified time limit. As such, distribution of the above gains/income may be a taxable distribution on certain holders. Please refer to the Pro Forma Singapore Tax Voucher issued by the DUT.

Important Notice

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 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.

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