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Nikko Asset Management

ANNUAL REPORT

For the financial year ended 30 June 2020

Nikko AM SGD Investment Grade Corporate Bond ETF

MANAGERS

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

DIRECTORS

Hou Wey Fook
Lim Soon Chong
Kiyotaka Ryu
Seet Oon Hui Eleanor
Hiroki Tsujimura (appointed with effect from 30 July 2020)

TRUSTEE & REGISTRAR

DBS Trustee Limited
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

AUDITORS

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

CUSTODIAN

DBS Bank Limited
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

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

PERFORMANCE SUMMARY

Returns (%)	*3 Mth*	*6 Mth*	*1 Yr*	*3 Yr*	*5 Yr*	*10 Yr*	*Since Inception*
Nikko AM SGD Investment Grade Corporate Bond ETF	3.29	2.16	4.84	N/A	N/A	N/A	4.27
iBoxx SGD Non-Sovereigns Large Cap Investment Grade Index	3.35	2.29	5.29	N/A	N/A	N/A	4.78

Source: Nikko Asset Management Asia Limited & Markit Indices Limited. Returns as at 30 June 2020. Returns are calculated on a NAV-NAV[1] basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualized. Past performance is not indicative of future performance.

Note:
(1) Nil subscription fee or preliminary charge

Inception date: 27 August 2018

The iBoxx SGD Non-Sovereigns Large Cap Investment Grade Index (the "Index") referenced herein is the property of Markit Indices Limited. ("Index Provider") and has been licensed for use in connection with the Fund. Each party acknowledges and agrees that the Fund is not sponsored, endorsed or promoted by the Index Provider. The Index Provider makes no representation whatsoever, whether express or implied, and hereby expressly disclaims all warranties (including, without limitation, those of merchantability or fitness for a particular purpose or use), with respect to the Index or any data included therein or relating thereto, and in particular disclaims any warranty either as to the quality, accuracy and/or completeness of the Index or any data included therein, the results obtained from the use of the Index and/or the composition of the Index at any particular time on any particular date or otherwise and/or the creditworthiness of any entity, or the likelihood of the occurrence of a credit event or similar event (however defined) with respect to an obligation, in the Index at any particular time on any particular date or otherwise. The Index Provider shall not be liable (whether in negligence or otherwise) to the parties or any other person for any error in the Index, and the Index Provider is under no obligation to advise the parties or any person of any error therein.

The Index Provider makes no representation whatsoever, whether express or implied, as to the advisability of purchasing or selling the Units, the ability of the Index to track relevant markets' performances, or otherwise relating to the Index or any transaction or product with respect thereto, or of assuming any risks in connection therewith. The Index Provider has no obligation to take the needs of any party into consideration in determining, composing or calculating the Index. No party purchasing or selling the Units, nor the Index Provider, shall have any liability to any party for any act or failure to act by the Index Provider in connection with the determination, adjustment, calculation or maintenance of the Index. The Index Provider and its affiliates may deal in any obligations that compose the Index, and may, where permitted, accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with the issuers of such obligations or their affiliates, and may act with respect to such business as if the Index did not exist, regardless of whether such action might adversely affect the Index or the Fund.

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About Nikko AM SGD Investment Grade Corporate Bond ETF

The Nikko AM SGD Investment Grade Corporate Bond ETF (the "Fund") is a collective investment scheme authorised under Section 286 of the Securities and Futures Act and is established under the terms of a trust deed dated 13 July 2018 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 provide investors with investment returns that correspond closely to the total return of the iBoxx SGD Non-Sovereigns Large Cap Investment Grade Index (the "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 SGD denominated investment grade bonds excluding Singapore Government Securities ("SGD-denominated Investment Grade Bonds"), 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 can invest up to 20% of its total net asset value in such non-Index Securities, that should meet at least one of the following criteria:

- SGD denominated bonds in which the bond or its issuer are rated as investment grade by S&P, Moody's or Fitch, and have a minimum issuance size of SGD 100 million;
- SGD denominated bonds by prevailing issuers of the Index with a minimum issuance size of SGD 100 million; or
- Singapore Government Securities (SGS).

The Fund will generally not hold all the securities that are included in the Index. The Fund is designed for investors who seek an "index-based" approach to investing in a portfolio of SGD-denominated Investment Grade Bonds in a cost effective and easy to access manner. Units may also be used as an asset allocation tool or as a trading instrument.

With effect from 22 April 2020, the Fund is included under the Central Provident Fund ("CPF") Investment Scheme ("CPFIS") – Ordinary Account (the "CPF Ordinary Account") for subscription by members of the public using their CPF monies and is classified under the category of Low to Medium Risk – Narrowly Focused – Country – Singapore.

Note: Investors are advised to refer to the Fund's prospectus for more details on the Fund.

This document is purely for informational purposes only with no consideration given to the specific investment objective, financial situation and particular needs of any specific person. It should not be relied upon as financial advice. Any securities mentioned herein are for illustration purposes only and should not be construed as a recommendation for investment. **You should seek advice from a financial adviser before making any investment. In the event that you choose not to do so, you should consider whether the investment selected is suitable for you.** Investments in funds are not deposits in, obligations of, or guaranteed or insured by Nikko Asset Management Asia Limited ("Nikko AM Asia").

Past performance or any prediction, projection or forecast is not indicative of future performance. The Fund or any underlying fund may use or invest in financial derivative instruments. The value of units and income from them may fall or rise. **Investments in the Fund are subject to investment risks, including the possible loss of principal amount invested.** You should read the relevant prospectus (including the risk warnings) and product highlights sheet of the Fund, which are available and may be obtained from appointed distributors of Nikko AM Asia or our website (www.nikkoam.com.sg) before deciding whether to invest in the Fund.

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The performance of the ETF's price on the Singapore Exchange Securities Trading Limited ("SGX-ST") may be different from the net asset value per unit of the ETF. The ETF may also be delisted from the SGX-ST. 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-ST through any brokerage account. Investors should note that the ETF differs from a typical unit trust and units may only be created or redeemed directly by a participating dealer in large creation or redemption units. Investors may only redeem the units with Nikko AM Asia under certain specified conditions.

The Central Provident 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

SOFT DOLLAR COMMISSIONS/ARRANGEMENTS

In its management of the Nikko AM SGD Investment Grade Corporate Bond ETF, the Manager currently does not receive or enter into any soft dollar commissions or arrangements.

NIKKO AM SGD INVESTMENT GRADE CORPORATE BOND ETF
(Constituted under a Trust Deed registered in the Republic of Singapore)

REPORT OF THE TRUSTEE

For the financial year ended 30 June 2020

The Trustee is under a duty to take into custody and hold the assets of Nikko AM SGD Investment Grade Corporate Bond ETF (the "Fund") in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), 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 period 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 period covered by these financial statements, set out on pages 11 to 29, 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
28 September 2020

NIKKO AM SGD INVESTMENT GRADE CORPORATE BOND ETF
(Constituted under a Trust Deed registered in the Republic of Singapore)

STATEMENT BY THE MANAGER

For the financial year ended 30 June 2020

In the opinion of Nikko Asset Management Asia Limited, the accompanying financial statements set out on pages 11 to 29, 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 Nikko AM SGD Investment Grade Corporate Bond ETF (the "Fund") as at 30 June 2020, and the financial performance and movements in unitholders' funds for the financial year ended 30 June 2020 in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" 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
28 September 2020

INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF NIKKO AM SGD INVESTMENT GRADE CORPORATE BOND ETF

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

Our Opinion

In our opinion, the accompanying financial statements of Nikko AM SGD Investment Grade Corporate Bond ETF (the "Fund") are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 30 June 2020, 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 30 June 2020;
- the Statement of Financial Position as at 30 June 2020;
- the Statement of Movements of Unitholders' Funds for the financial year ended 30 June 2020;
- the Statement of Portfolio as at 30 June 2020; and
- the notes to the financial statements, including a summary of significant accounting policies.

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.

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 Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants 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.

- 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 those charged with governance 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, 28 September 2020

NIKKO AM SGD INVESTMENT GRADE CORPORATE BOND ETF

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

STATEMENT OF TOTAL RETURN

For the financial year ended 30 June 2020

	Note	2020 S$	For the financial period from 13 July 2018 (date of constitution) to 30 June 2019 S$
Expenses			
Administrator fee		**50,886**	45,134
Audit fee		**26,000**	26,000
Custodian fee		**77,908**	46,238
Management fee		**726,559**	373,272
Less: Management fee rebate		**-**	(32,490)
Preliminary expenses		**-**	122,432
Transaction costs		**14,125**	11,175
Trustee fee		**95,777**	49,794
Other expenses		**237,391**	141,567
		1,228,646	783,122
Net losses		**(1,228,646)**	(783,122)
Net gains or losses on value of investments			
Net gains on investments		**22,535,319**	9,786,766
		22,535,319	9,786,766
Total return for the financial period before income tax		**21,306,673**	9,003,644
Less: Income tax	3	**-**	-
Total return for the financial period after income tax		**21,306,673**	9,003,644

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

NIKKO AM SGD INVESTMENT GRADE CORPORATE BOND ETF

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	**2020** **S$**	2019 S$
ASSETS			
Portfolio of investments		**548,502,225**	311,254,204
Sales awaiting settlement		**1,578,312**	3,372,315
Cash and bank balances		**2,809,947**	729,850
Prepayments		**1,142**	3,294
Total assets		**552,891,626**	315,359,663
LIABILITIES			
Payables	4	**309,510**	183,899
Purchases awaiting settlement		**1,238,196**	1,536,570
Total liabilities		**1,547,706**	1,720,469
EQUITY			
Net assets attributable to unitholders	6	**551,343,920**	313,639,194

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

NIKKO AM SGD INVESTMENT GRADE CORPORATE BOND ETF

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

STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the financial year ended 30 June 2020

	Note	**2020 S$**	For the financial period from 13 July 2018 (date of constitution) to 30 June 2019 S$
Net assets attributable to unitholders at the beginning of financial year/ period		**313,639,194**	-
Operations			
Change in net assets attributable to unitholders resulting from operations		**21,306,673**	9,003,644
Unitholders' contributions/(withdrawals)			
Creation of units		**237,389,760**	306,074,308
Cancellation of units		**(10,804,815)**	-
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		**226,584,945**	306,074,308
Distributions	5	**(10,186,892)**	(1,438,758)
Total increase in net assets attributable to unitholders		**237,704,726**	313,639,194
Net assets attributable to unitholders at the end of financial year/ period	6	**551,343,920**	313,639,194

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

NIKKO AM SGD INVESTMENT GRADE CORPORATE BOND ETF

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

STATEMENT OF PORTFOLIO

As at 30 June 2020

By Industry (Primary)	Holdings at 30 June 2020	Fair value at 30 June 2020 S$	Percentage of total net assets attributable to unitholders at 30 June 2020 %
Quoted Fixed Income Securities			
AIR TRANSPORT			
Singapore Airlines Limited MTN 3.03% 28/03/2024	**1,620,000**	**1,630,594**	**0.30**
Singapore Airlines Limited MTN 3.035% 11/04/2025	**4,250,000**	**4,251,221**	**0.77**
Singapore Airlines Limited MTN 3.13% 17/11/2026	**5,500,000**	**5,488,122**	**1.00**
Singapore Airlines Limited MTN 3.13% 23/08/2027	**6,000,000**	**5,963,320**	**1.08**
Singapore Airlines Limited MTN 3.16% 25/10/2023	**4,500,000**	**4,573,575**	**0.83**
Singapore Airlines Limited MTN 3.75% 08/04/2024	**1,250,000**	**1,289,461**	**0.23**
		23,196,293	**4.21**
BANKING			
ABN AMRO Bank NV MTN 4.75% 01/04/2026	**2,250,000**	**2,275,083**	**0.41**
Australia And New Zealand Banking Group Limited MTN 3.75% 23/03/2027	**8,250,000**	**8,268,957**	**1.50**
Credit Agricole SA MTN 3.8% 30/04/2031	**7,000,000**	**7,105,000**	**1.29**
DBS Group Holdings Limited MTN 3.80% 20/01/2028	**1,500,000**	**1,529,700**	**0.28**
DBS Group Holdings Limited MTN 3.98% Perpetuity	**24,250,000**	**25,526,033**	**4.63**
Export-Import Bank of Korea MTN 2.318% 27/09/2022	**2,750,000**	**2,766,538**	**0.50**
National Australia Bank Limited MTN 4.15% 19/05/2028	**9,500,000**	**9,745,296**	**1.77**
Oversea-Chinese Banking Corporation Limited MTN 4% Perpetuity	**21,250,000**	**22,153,620**	**4.03**
Societe Generale SA MTN 4.3% 19/05/2026	**3,000,000**	**3,019,657**	**0.55**
United Overseas Bank Limited 3.58% Perpetuity	**18,250,000**	**18,922,306**	**3.43**
United Overseas Bank Limited 4.0% Perpetuity	**10,000,000**	**10,130,200**	**1.84**
United Overseas Bank Limited MTN 3.5% 27/02/2029	**17,500,000**	**17,895,056**	**3.25**
Westpac Banking Corporation MTN 4% 12/08/2027	**3,500,000**	**3,547,624**	**0.64**
		132,885,070	**24.12**
BUILDING			
Surbana Jurong Private Limited 4.11% 03/10/2025		**3,476,112**	**0.63**
		3,476,112	**0.63**
CONGLOMERATE/DIVERSIFIED			
Keppel Corporation Limited FRN 23/04/2027	**1,750,000**	**1,792,176**	**0.33**
Keppel Corporation Limited MTN 3% 01/10/2026	**2,500,000**	**2,521,317**	**0.46**
Keppel Corporation Limited MTN 3.145% 14/02/2022	**3,250,000**	**3,296,236**	**0.60**
Keppel Corporation Limited MTN 3.66% 07/05/2029	**4,250,000**	**4,397,228**	**0.80**
Keppel Corporation Limited MTN 4% 07/09/2042	**5,750,000**	**5,934,003**	**1.08**
Singapore Press Holdings Limited 3.2% 22/01/2030	**6,000,000**	**5,918,197**	**1.07**
		23,859,157	**4.34**
FINANCE			
BOC Aviation LTD 3.93% 11/05/2025	**1,500,000**	**1,570,223**	**0.28**
Capitaland Treasury Limited MTN 3.08% 19/10/2027	**5,500,000**	**5,686,322**	**1.03**
Capitaland Treasury Limited MTN 3.15% 29/08/2029	**6,000,000**	**6,141,014**	**1.11**
Capitaland Treasury Limited MTN 3.65% Perpetuity	**3,000,000**	**3,052,712**	**0.55**
Capitaland Treasury Limited MTN 3.8% 28/08/2024	**5,000,000**	**5,285,636**	**0.96**
CCT MTN Private Limited MTN 3.17% 05/03/2024	**7,750,000**	**7,886,314**	**1.43**
CCT MTN Private Limited MTN 3.327% 21/03/2024	**1,000,000**	**993,407**	**0.18**
Hongkong Land Treasury Services (Singapore) Private Limited 3.95% 28/11/2038	**500,000**	**559,897**	**0.10**
Housing & Development Board MTN 1.265% 24/06/2030	**750,000**	**751,830**	**0.14**
Housing & Development Board MTN 1.470% 19/07/2021	**500,000**	**504,949**	**0.09**
Housing & Development Board MTN 1.750% 11/25/2024	**1,000,000**	**1,042,368**	**0.19**
Housing & Development Board MTN 1.760% 24/02/2027	**1,250,000**	**1,308,076**	**0.24**
Housing & Development Board MTN 1.825% 28/08/2022	**2,000,000**	**2,052,251**	**0.37**
Housing & Development Board MTN 1.910% 10/08/2023	**4,500,000**	**4,673,687**	**0.85**

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

STATEMENT OF PORTFOLIO

As at 30 June 2020

By Industry (Primary) (continued)

	Holdings at 30 June 2020	Fair value at 30 June 2020 S$	Percentage of total net assets attributable to unitholders at 30 June 2020 %
Quoted Fixed Income Securities (continued)			
FINANCE (continued)			
Housing & Development Board MTN 1.950% 22/09/2021	**1,000,000**	**1,017,203**	**0.18**
Housing & Development Board MTN 2.035% 16/09/2026	**3,000,000**	**3,190,074**	**0.58**
Housing & Development Board MTN 2.088% 30/08/2022	**3,000,000**	**3,095,457**	**0.56**
Housing & Development Board MTN 2.164% 22/05/2024	**3,000,000**	**3,165,122**	**0.57**
Housing & Development Board MTN 2.220% 22/11/2021	**4,000,000**	**4,092,279**	**0.74**
Housing & Development Board MTN 2.232% 21/02/2022	**6,500,000**	**6,675,941**	**1.21**
Housing & Development Board MTN 2.250% 21/11/2024	**3,750,000**	**3,989,303**	**0.72**
Housing & Development Board MTN 2.270% 16/07/2029	**2,500,000**	**2,732,031**	**0.50**
Housing & Development Board MTN 2.303% 13/03/2023	**1,500,000**	**1,567,058**	**0.28**
Housing & Development Board MTN 2.315% 18/09/2034	**11,750,000**	**12,769,728**	**2.33**
Housing & Development Board MTN 2.320% 24/01/2028	**2,000,000**	**2,174,291**	**0.39**
Housing & Development Board MTN 2.350% 05/25/2027	**5,250,000**	**5,697,276**	**1.03**
Housing & Development Board MTN 2.420% 24/07/2023	**2,250,000**	**2,370,538**	**0.43**
Housing & Development Board MTN 2.495% 11/03/2026	**2,500,000**	**2,719,045**	**0.49**
Housing & Development Board MTN 2.500% 29/01/2023	**4,000,000**	**4,191,307**	**0.76**
Housing & Development Board MTN 2.505% 27/06/2024	**2,000,000**	**2,138,800**	**0.39**
Housing & Development Board MTN 2.545% 04/07/2031	**6,500,000**	**7,314,366**	**1.33**
Housing & Development Board MTN 2.550% 20/11/2023	**1,000,000**	**1,062,454**	**0.19**
Housing & Development Board MTN 2.598% 30/10/2029	**3,000,000**	**3,370,351**	**0.61**
Housing & Development Board MTN 2.625% 17/09/2025	**2,000,000**	**2,180,936**	**0.40**
Housing & Development Board MTN 2.675% 22/01/2029	**4,500,000**	**5,051,551**	**0.92**
Housing & Development Board MTN 2.815% 26/07/2021	**5,000,000**	**5,121,460**	**0.93**
Housing & Development Board MTN 3.080% 31/05/2030	**4,500,000**	**5,279,797**	**0.96**
Housing & Development Board MTN 3.100% 07/24/2024	**3,750,000**	**4,103,091**	**0.74**
Housing & Development Board MTN 3.220% 01/12/2026	**2,250,000**	**2,558,657**	**0.46**
Housing & Development Board MTN 3.630% 02/27/2023	**1,250,000**	**1,348,569**	**0.24**
Housing & Development Board MTN 3.948% 29/01/2029	**2,250,000**	**2,759,205**	**0.50**
Huarong Finance 2017 Co Limited 3.2% 27/04/2021	**4,250,000**	**4,232,967**	**0.77**
Huarong Finance 2017 Co Limited MTN 3.8% 07/11/2025	**11,000,000**	**11,383,361**	**2.06**
Lendlease Finance Limited MTN 3.9% 27/04/2027	**7,000,000**	**7,189,075**	**1.30**
Lendlease Retail Investments 3 Private Limited MTN 3.28% 03/09/2021	**1,250,000**	**1,255,017**	**0.23**
Mapletree Treasury Services Limited MTN 2.85% 29/08/2025	**2,750,000**	**2,802,938**	**0.51**
Mapletree Treasury Services Limited MTN 3.15% 03/09/2031	**10,000,000**	**10,243,055**	**1.86**
Mapletree Treasury Services Limited MTN 3.4% 03/09/2026	**3,750,000**	**3,912,366**	**0.71**
Mapletree Treasury Services Limited MTN 3.58% 13/03/2029	**3,250,000**	**3,429,672**	**0.62**
Nexus International School Singapore PTE Ltd 3.15% 03/12/2031	**2,000,000**	**2,030,540**	**0.37**
RCS Trust 2.6% 05/06/2023	**5,250,000**	**5,277,825**	**0.96**
RCS Trust 3.2% 14/03/2025	**3,000,000**	**3,085,543**	**0.56**
SMRT Capital Pte Ltd 3.22% 20/04/2028	**1,000,000**	**1,071,310**	**0.19**
Temasek Financial (I) Limited 4.2% 02/08/2050	**1,250,000**	**1,527,701**	**0.28**
Temasek Financial (I) Limited MTN 3.785% 05/03/2025	**10,250,000**	**11,174,998**	**2.03**
Temasek Financial (I) Limited MTN 4% 07/12/2029	**1,250,000**	**1,437,278**	**0.26**
Temasek Financial (I) Limited MTN 4.0475% 05/03/2035	**4,000,000**	**4,699,996**	**0.85**
Temasek Financial IV Private Limited MTN 2.7% 25/10/2023	**11,119,000**	**11,621,579**	**2.11**
Wheelock Finance Limited MTN 4.5% 02/09/2021	**5,500,000**	**5,620,971**	**1.02**
		235,240,768	**42.65**

STATEMENT OF PORTFOLIO

As at 30 June 2020

By Industry (Primary) (continued)	**Holdings at 30 June 2020**	**Fair value at 30 June 2020 S$**	**Percentage of total net assets attributable to unitholders at 30 June 2020 %**
Quoted Fixed Income Securities (continued)			
INSURANCE			
Manulife Financial Corp FRN 3.85% 25/05/26	**9,000,000**	**9,079,894**	**1.65**
Manulife Financial Corporation FRN 3% 21/11/2029	**12,000,000**	**12,133,194**	**2.20**
NTUC Income Insurance Co-Operative Limited FRN 3.65% 23/08/2027	**15,250,000**	**15,745,625**	**2.86**
		36,958,713	**6.71**
OIL AND GAS			
Indian Oil Corporation Limited 4.1% 15/10/2022	**7,000,000**	**7,136,416**	**1.29**
		7,136,416	**1.29**
REAL ESTATE INVESTMENT TRUST			
Ascendas Real Estate Investment Trust 2.47% 10/08/2023	**2,250,000**	**2,259,450**	**0.41**
CDL Properties Ltd 2.958% 09/05/2024	**2,500,000**	**2,499,889**	**0.45**
CMT MTN Private Limited MTN 2.88% 10/11/2027	**1,000,000**	**1,004,740**	**0.18**
CMT MTN Private Limited MTN 3.2% 21/08/2025	**2,000,000**	**2,061,522**	**0.37**
CMT MTN Private Limited MTN 3.48% 06/08/2024	**6,000,000**	**6,242,714**	**1.13**
CMT MTN Private Limited MTN 3.5% 25/02/2026	**1,000,000**	**1,043,610**	**0.19**
CMT MTN Private Limited MTN 3.75% 02/08/2024	**1,000,000**	**1,050,835**	**0.19**
		16,162,760	**2.92**
SERVICES			
SHANGRI-LA HOTEL LTD 4.5% 12/11/2025	**5,500,000**	**5,649,875**	**1.02**
Singapore Post Limited FRN 02/03/2022	**5,500,000**	**5,540,292**	**1.00**
		11,190,167	**2.02**
TELECOMMUNICATIONS			
Optus Finance Private Limited MTN 3.24% 29/09/2022	**750,000**	**765,762**	**0.14**
Singapore Technologies Telemedia Private Limited MTN 4.05% 02/12/2025	**4,000,000**	**4,256,932**	**0.77**
Starhub Limited MTN 3.55% 08/06/2026	**2,000,000**	**2,030,467**	**0.37**
		7,053,161	**1.28**
TRANSPORTATION			
Land Transport Authority 3.35% 19/03/2048	**11,000,000**	**13,061,076**	**2.37**
Land Transport Authority 3.38% 30/01/2059	**5,250,000**	**6,081,890**	**1.10**
Land Transport Authority 3.51% 18/09/2030	**1,500,000**	**1,800,255**	**0.33**
Land Transport Authority MTN 2.57% 31/08/2022	**250,000**	**260,482**	**0.05**
Land Transport Authority MTN 3.275% 29/10/2025	**1,250,000**	**1,405,654**	**0.25**
Land Transport Authority MTN 3.3% 03/06/2054	**3,000,000**	**3,480,122**	**0.63**
Land Transport Authority MTN 3.43% 30/10/2053	**1,000,000**	**1,191,182**	**0.22**
Land Transport Authority MTN 3.45% 30/07/2058	**6,750,000**	**7,947,768**	**1.44**
Land Transport Authority MTN 3.090% 31/08/2027	**500,000**	**568,075**	**0.10**
		35,796,504	**6.49**

STATEMENT OF PORTFOLIO

As at 30 June 2020

By Industry (Primary) (continued)

	Holdings at 30 June 2020	Fair value at 30 June 2020 S$	Percentage of total net assets attributable to unitholders at 30 June 2020 %
Quoted Fixed Income Securities (continued)			
UTILITIES-WATER			
Public Utilities Board 3.01% 18/07/2033	**4,250,000**	**4,853,798**	**0.88**
Public Utilities Board 3.012% 12/07/2022	**3,750,000**	**3,931,896**	**0.71**
Public Utilities Board 3.62% 12/10/2027	**1,250,000**	**1,464,848**	**0.27**
		10,250,542	**1.86**
UTILITIES-ELECTRIC			
SP Power Assets LTD 3.4% 19/09/2032	**500,000**	**557,561**	**0.10**
		557,561	**0.10**
Total Quoted Fixed Income Securities		**543,763,224**	**98.62**
Accrued interest receivable on quoted fixed income securities		**4,739,001**	**0.86**
Portfolio of investments		**548,502,225**	**99.48**
Other net assets		**2,841,695**	**0.52**
Net assets attributable to unitholders		**551,343,920**	**100.00**

By Industry (Summary)

	Fair value at 30 June 2020 S$	Percentage of total net assets attributable to unitholders at 30 June 2020 %	Percentage of total net assets attributable to unitholders at 30 June 2019 %
Quoted Fixed Income Securities			
Air Transport	**23,196,293**	**4.21**	4.33
Banking	**132,885,070**	**24.12**	29.13
Building	**3,476,112**	**0.63**	0.75
Conglomerate/Diversified	**23,859,157**	**4.34**	3.18
Finance	**235,240,768**	**42.65**	37.27
Insurance	**36,958,713**	**6.71**	6.88
Oil and Gas	**7,136,416**	**1.29**	2.43
Real Estate Investment Trust	**16,162,760**	**2.92**	3.53
Services	**11,190,167**	**2.02**	1.15
Telecommunications	**7,053,161**	**1.28**	1.57
Transportation	**35,796,504**	**6.49**	5.98
Utilities-Water	**10,250,542**	**1.86**	2.14
Utilities-Electricity	**557,561**	**0.10**	-
Accrued interest receivable on quoted fixed income securities	**4,739,001**	**0.86**	0.90
Portfolio of investments	**548,502,225**	**99.48**	99.24
Other net assets	**2,841,695**	**0.52**	0.76
Net assets attributable to unitholders	**551,343,920**	**100.00**	100.00

NIKKO AM SGD INVESTMENT GRADE CORPORATE BOND ETF

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

STATEMENT OF PORTFOLIO

As at 30 June 2020

By Geography (Summary)	**Fair value at 30 June 2020 S$**	**Percentage of total net assets attributable to unitholders at 30 June 2020 %**	Percentage of total net assets attributable to unitholders at 30 June 2019 %
Australia	**29,516,714**	**5.35**	5.27
British Virgin Islands	**15,616,328**	**2.83**	2.45
Canada	**9,079,894**	**1.65**	1.46
Cayman Islands	**-**	**-**	0.81
Denmark	**-**	**-**	3.06
Europe	**12,399,740**	**2.25**	4.05
Hong Kong	**5,620,971**	**1.02**	1.23
India	**7,136,416**	**1.29**	1.15
Korea	**2,766,538**	**0.50**	-
Malaysia	**-**	**-**	1.69
Singapore	**461,626,623**	**83.73**	74.90
South Korea	**-**	**-**	0.16
United Kingdom	**-**	**-**	2.11
Accrued interest receivable on quoted fixed income securities	**4,739,001**	**0.86**	0.90
Portfolio of investments	**548,502,225**	**99.48**	99.24
Other net assets	**2,841,695**	**0.52**	0.76
Net assets attributable to unitholders	**551,343,920**	**100.00**	100.00

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

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

1. General

Nikko AM SGD Investment Grade Corporate Bond ETF (the "Fund") is a Singapore domiciled fund constituted under a Trust Deed dated 13 July 2018 (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").

2. Significant accounting policies

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 assets at fair value through profit or loss, and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

(b) Recognition of income

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

(c) Foreign currency translation

(i) Functional and presentation currency

The Fund qualifies as an authorised scheme under the Securities and Futures Act ("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 Singapore dollars.

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

(ii) Transactions and balances

Foreign currency monetary assets and liabilities are translated into Singapore dollars 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. Transactions during the year are recorded in Singapore dollars at the rates of exchange ruling on transaction dates. All realised gains or losses are recognised in the Statement of Total Return.

2. Significant accounting policies (continued)

(d) 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.

(e) 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.

(f) 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 bid price furnished by the index provider, a pricing service approved by the Manager and the Trustee.

(g) 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.

(h) 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.

2. Significant accounting policies (continued)

(i) Cash and cash equivalents

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

(j) Payables

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

3. Income tax

The Fund has been approved by the Monetary Authority of Singapore ("MAS") under the Enhanced Tier Fund Scheme (section 13X of the Income Tax Act 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 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.

There is no income tax for the financial year/ period ended 30 June 2020 and 2019.

4. Payables

	2020 **S$**	2019 S$
Amount due to the Manager	**199,695**	104,602
Amount due to the Trustee	**9,544**	5,125
Provision for audit fee	**25,061**	26,000
Other payables	**75,210**	48,172
	309,510	183,899

Amount due to the Manager comprises management fee payable to Nikko Asset Management Asia Limited. Trustee fee and registrar fee are payable to DBS Trustee Limited. Administrator fee and custody fee are payable to DBS Bank Limited. Registrar fee, administrator fee and custody fee are classified under other payables.

5. Distributions

	2020 **S$**	2019 S$
Distribution of S$0.0209 per unit in respect of the financial year ended 30 June 2020	**10,186,892**	-
Distribution of S$0.0049 per unit in respect of the financial period ended 30 June 2019	**-**	1,438,758

6. Units in issue

During the year/period ended 30 June 2020 and 2019, the number of units issued, redeemed and outstanding were as follow:

	2020	2019
Units at beginning of the financial year/period	**306,768,100**	-
Units created	**228,583,000**	306,768,100
Units cancelled	**(10,450,000)**	-
Units at end of the financial year/period	**524,901,100**	306,768,100
Net assets attributable to unitholders – S$	**551,343,920**	313,639,194
Net asset value per unit – S$	**1.0504**	1.0224

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:

	2020 **S$**	2019 S$
Net assets attributable to unitholders per financial statements	**1.0504**	1.0224
Effect of expensing preliminary expenses per unit	**-**	0.0001
Effect for movement in the net asset value between the last dealing date and the end of the reporting period^	**-**	(0.0002)
Net assets attributable to unitholders for issuing/redeeming per unit	**1.0504**	1.0223

^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 the reporting period.

7. Financial risk management

The Fund's activities expose it to a variety of risk, including but not limited to market risk (including currency risk, interest rate risk and price 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 provide investors with investment returns that correspond closely to the total return of the iBoxx SGD Non-Sovereigns Large Cap Investment Grade Index (the "Benchmark") 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.

7. Financial risk management (continued)

During the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organisation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. As a result of the COVID-19 outbreak, global financial markets have experienced significant volatility. Given the extent of the crisis, it is difficult to estimate the duration of the volatility and its impact on the portfolio of the Fund. The Manager is closely monitoring the development of the COVID-19 outbreak and its related impact

(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 across various industries.

The market prices of financial assets held by the Fund are primarily dependent on prevailing market interest rates, as the Fund invests primarily in listed sovereign and quasi sovereign bonds. Hence, no separate price risk sensitivity analysis is prepared as it is covered as part of interest rate risk sensitivity analysis.

(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 summarise 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.

7. Financial risk management (continued)

(b) **Market risk – Interest rate risk** (continued)

As at 30 June 2020

	Floating rate	Fixed rate			Non-interest bearing	
		Up to 1 year	1-5 years	Over 5 years		Total
	S$	S$	S$	S$	S$	S$
Assets						
Portfolio of investments	**164,644,110**	**4,232,967**	**146,368,202**	**228,517,945**	**4,739,001**	**548,502,225**
Sales awaiting settlement	**-**	**-**	**-**	**-**	**1,578,312**	**1,578,312**
Cash and bank balances	**2,809,947**	**-**	**-**	**-**	**-**	**2,809,947**
Prepayments	**-**	**-**	**-**	**-**	**1,142**	**1,142**
Total assets	**167,454,057**	**4,232,967**	**146,368,202**	**228,517,945**	**6,318,455**	**552,891,626**
Liabilities						
Payables	**-**	**-**	**-**	**-**	**309,510**	**309,510**
Purchases awaiting settlement	**-**	**-**	**-**	**-**	**1,238,196**	**1,238,196**
Total liabilities	**-**	**-**	**-**	**-**	**1,547,706**	**1,547,706**

As at 30 June 2019

	Floating rate	Fixed rate			Non-interest bearing	
		Up to 1 year	1-5 years	Over 5 years		Total
	S$	S$	S$	S$	S$	S$
Assets						
Portfolio of investments	104,282,789	-	96,557,618	107,601,104	2,812,693	311,254,204
Sales awaiting settlement	-	-	-	-	3,372,315	3,372,315
Cash and bank balances	729,850	-	-	-	-	729,850
Prepayments	-	-	-	-	3,294	3,294
Total assets	105,012,639	-	96,557,618	107,601,104	6,188,302	315,359,663
Liabilities						
Payables	-	-	-	-	183,899	183,899
Purchases awaiting settlement	-	-	-	-	1,536,570	1,536,570
Total liabilities	-	-	-	-	1,720,469	1,720,469

As at 30 June 2020, an increase/decrease of interest rates by 1% (2019: 1%), with all other variables remaining constant, would result in a decrease/ increase of the net assets attributable to unit holders by approximately 5% (2019: 4%). Changes in interest rates are revised annually depending on management's current view of market volatility and other factors.

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 Manager does not consider currency risk to be significant as all of the financial assets and financial liabilities of the Fund are denominated in Singapore dollars, which is the functional currency of the Fund.

(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 unit holders. 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 securities are considered readily realisable, as the majority of securities are listed on the recognised stock exchange.

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 30 June 2020 and 2019, all liabilities are either payable upon demand or due in less than 3 months. The impact of discounting is not significant.

	Less than 3 months	
	As at 30 June 2020 S$	As at 30 June 2019 S$
Payables	**309,510**	183,899
Purchases awaiting settlement	**1,238,196**	1,536,570
Contractual cash out flows	**1,547,706**	1,720,469

7. Financial risk management (continued)

(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 invests in financial assets, which have an investment grade as rated by Standard & Poor's. The credit ratings are reviewed regularly.

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

	Fair value at 30 June 2020		Fair value at 30 June 2019	
	Floating rate securities S$	**Fixed rate securities S$**	Floating rate securities S$	Fixed rate securities S$
AAA*	**-**	**188,577,646**	1,807,890	97,332,842
AA	**-**	**557,561**	-	-
AA-	**123,665,759**	**9,798,657**	58,981,807	9,576,554
A+	**7,105,000**	**-**	3,504,585	-
A	**23,488,171**	**3,019,657**	14,601,579	7,099,860
A-	**-**	**9,933,591**	6,323,900	1,754,186
BBB+	**5,540,292**	**-**	10,211,861	-
BBB	**-**	**-**	-	1251249
Not rated	**4,844,887**	**167,232,003**	8,851,166	87,144,032
Accrued interest receivable on quoted fixed income securities	**1,686,931**	**3,052,070**	1,106,710	1,705,983
Total	**166,331,040**	**382,171,185**	105,389,498	205,864,706

* The balance includes securities that are issued by government agencies of governments that have AAA rating as rated by Standard & Poor's.

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.

7. Financial risk management (continued)

(e) **Credit risk** (continued)

Credit risk also arises from cash and cash balances and outstanding and committed transactions with brokers. The table below summarises the credit rating of bank and custodian in which the Fund's assets are held as at 30 June 2020 and 2019.

	Credit rating as at 30 June 2020	Credit rating as at 30 June 2019	**Source of credit rating**
Bank balances			
- DBS Bank Limited	**AA-**	AA-	Standard & Poor's
Custodian			
- DBS Bank Limited	**AA-**	AA-	Standard & Poor's

The credit ratings are based on Long-Term Local Issuer Ratings published by the rating agency.

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

(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).

7. Financial risk management (continued)

(g) **Fair value estimation** (continued)

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 30 June 2020 and 2019:

	Level 1 S$	**Level 2 S$**	**Level 3 S$**	**Total S$**
As at 30 June 2020				
Assets				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted fixed income securities	**–**	**548,502,225**	**–**	**548,502,225**

	Level 1 S$	**Level 2 S$**	**Level 3 S$**	**Total S$**
As at 30 June 2019				
Assets				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted fixed income securities	–	311,254,204	–	311,254,204

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 investment-grade corporate and government bonds.

Except for cash and cash balances which are classified as Level 1, the Fund's assets and liabilities not measured at fair value at 30 June 2020 and 2019 have been classified as Level 2. The carrying amounts of these assets and liabilities approximate their fair values as at the Statement of Financial Position date.

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 a related party at terms agreed between the parties and within the provisions of the Deeds:

	2020 S$	2019 S$
Bank balances held with related party of the Trustee	**2,809,947**	729,850

9. Financial ratios

		2020	For the financial period from 13 July 2018 (date of constitution) to 30 June 2019
Expense ratio			
Total operating expenses			
- Including preliminary expenses	S$	**1,214,521**	771,947
- Excluding preliminary expenses	S$	**1,214,521**	649,515
Average daily net asset value	S$	**483,152,792**	288,540,879
Total expense ratio[1](annualised)			
- Including preliminary expenses	%	**0.25**	0.30
- Excluding preliminary expenses	%	**0.25**	0.26
Turnover ratio			
Lower of total value of purchases or sales	S$	**140,134,180**	64,631,813
Average daily net asset value	S$	**483,152,792**	288,540,879
Total turnover ratio[2]	%	**29.00**	22.40

[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 period end was based on total operating expenses divided by the average net asset value for the period. 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 and sales of the underlying investments, divided by the average daily net asset value.

REPORT TO UNITHOLDERS

For the financial year ended 30 June 2020

The following contains additional information relating to the Fund.

1. Distribution of investments

Please refer to the Statement of Portfolio on pages 14 to 18.

2. Credit rating of debt securities

	Fair value at 30 June 2020 S$	Percentage of total net assets attributable to unitholders at 30 June 2020 %
AAA	**188,577,646**	**34.20**
AA	**557,561**	**0.10**
AA-	**133,464,416**	**24.21**
A+	**7,105,000**	**1.29**
A	**26,507,828**	**4.81**
A-	**9,933,591**	**1.80**
BBB+	**5,540,292**	**1.00**
Not rated	**172,076,890**	**31.21**
Accrued interest receivable on quoted fixed income securities	**4,739,001**	**0.86**
Total	**548,502,225**	**99.48**

3. Top 10 holdings

10 largest holdings at 30 June 2020

	Cost S$	Fair value S$	Percentage of total net assets attributable to unitholders %
DBS Group Holdings Limited MTN 3.98% Perpetuity	**24,798,275**	**25,526,033**	**4.63**
Oversea-Chinese Banking Corporation Limited MTN 4% Perpetuity	**21,871,520**	**22,153,620**	**4.03**
United Overseas Bank Limited 3.58% Perpetuity	**18,494,942**	**18,922,306**	**3.43**
United Overseas Bank Limited MTN 3.5% 27/02/2029	**18,098,718**	**17,895,056**	**3.25**
NTUC Income Insurance Co-Operative Limited FRN 3.65% 23/08/2027	**15,729,430**	**15,745,625**	**2.86**
Land Transport Authority 3.35% 19/03/2048	**12,010,575**	**13,061,076**	**2.37**
Housing & Development Board MTN 2.315% 18/09/2034	**11,775,555**	**12,769,728**	**2.33**
Manulife Financial Corporation FRN 3% 21/11/2029	**11,928,413**	**12,133,194**	**2.20**
Temasek Financial IV Private Limited MTN 2.7% 25/10/2023	**11,363,941**	**11,621,579**	**2.11**
Huarong Finance 2017 Co Limited MTN 3.8% 07/11/2025	**11,100,973**	**11,383,361**	**2.06**

3. Top 10 holdings (continued)

10 largest holdings at 30 June 2019

	Cost S$	Fair value S$	Percentage of total net assets attributable to unitholders %
DBS Group Holdings Limited MTN 3.98% Perpetuity	10,552,550	10,841,250	3.46
United Overseas Bank Limited 4.0% Perpetuity	8,136,200	8,148,568	2.60
Oversea-Chinese Banking Corporation Limited MTN 4% Perpetuity	6,576,000	6,688,825	2.13
United Overseas Bank Limited MTN 3.5% 27/02/2029	6,662,893	6,662,500	2.12
Standard Chartered Bank FRN 4.4% 23/01/2026	6,647,908	6,617,028	2.11
Oversea-Chinese Banking Corporation Limited FRN 3.8% Perpetuity	6,568,800	6,570,416	2.09
NTUC Income Insurance Co-Operative Limited FRN 3.65% 23/08/2027	6,418,485	6,445,000	2.05
Land Transport Authority MTN 3.45% 30/07/2058	6,170,889	6,265,273	2.00
Land Transport Authority 3.35% 19/03/2048	5,604,438	5,653,726	1.80
National Australia Bank Limited MTN 4.15% 19/05/2028	5,399,700	5,410,278	1.72

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 30 June 2020

	S$
Units created	**237,389,760**
Units cancelled	**(10,804,815)**

11. Turnover ratios

Please refer to Note 9 of the Notes to the Financial Statements on page 29.

12. Expense ratios

Please refer to Note 9 of the Notes to the Financial Statements on page 29.

13. Related party transactions

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

14. Additional information

Service Providers:

Fund Manager	:	Nikko Asset Management Asia Limited appointed on 13 July 2018; any retirement or removal per Clause 29 of Trust Deed
Remuneration basis	:	0.15% per annum of the Deposited Property
Trustee/ Fund Registrar	:	DBS Trustee Limited
Valuation Agent/ Custodian	:	DBS Bank Limited
Market Makers	:	Flow Traders Asia Pte Ltd, Phillip Securities Pte Ltd
Participating Dealers	:	DBS Vickers Securities, CGS-CIMB Securities, Flow Traders Asia Pte Ltd, Fundsupermart, OCBC Securities, Phillip Capital, UOB Kay Hian, iFast Financial
Corporate Secretariat	:	Boardroom Corporate & Advisory Services Pte Ltd
Auditor	:	PricewaterhouseCoopers LLP appointed on 13 July 2018
Audit Partner	:	Lim Kheng Wah
Tax Agent	:	Ernst & Young Solutions LLP
Solicitors to Managers	:	Chan & Goh LLP
Solicitors to Trustee	:	Dentons Rodyk & Davidson LLP

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

Nil

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