

SEMI-ANNUAL REPORT

For the financial period ending 31 December 2017

**NikkoAM-StraitsTrading
Asia ex Japan REIT ETF**

MANAGERS

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

DIRECTORS

Lim Soon Chong
Junichi Sayato
Seet Oon Hui Eleanor
David Jonathan Semaya
Yu-Ming Wang

TRUSTEE & REGISTRAR

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

PricewaterhouseCoopers LLP
7 Straits View, Marina One,
East Tower, Level 12,
Singapore 018936
(With effect from 2 January 2018)

INVESTMENT ADVISER TO THE MANAGERS

SRE Capital Pte. Ltd.
1 Wallich Street, #15-01 Guoco Tower
Singapore 078881

CUSTODIAN

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

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

PERFORMANCE SUMMARY

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	Since Inception
FTSE EPRA/NAREIT Asia ex Japan Net Total Return REIT Index	8.86	11.40	N/A	N/A	N/A	19.32
NikkoAM-StraitsTrading Asia ex Japan REIT ETF	8.68	11.00	N/A	N/A	N/A	18.57

Source: FTSE International Ltd. & Nikko Asset Management Asia Limited, returns as at 31 December 2017. Returns are calculated on a NAV-NAV basis, in SGD, and assuming all dividends and distributions are reinvested if any. Past performance is not indicative of future performance.

Inception date: 29 March 2017

About NikkoAM-StraitsTrading Asia ex Japan REIT ETF

The NikkoAM-StraitsTrading Asia ex Japan REIT 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 27 February 2017 made between Nikko Asset Management Asia Limited as manager, and HSBC Institutional Trust Services (Singapore) Limited as trustee, of the Fund.

The investment objective of the Fund is to replicate as closely as possible, before expenses, the performance of the FTSE EPRA/NAREIT Asia ex Japan Net Total Return REIT 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. 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 investing all, or substantially all, of its assets in Index Securities in substantially the same weightings as reflected in the Index (i.e. using a full replication strategy).

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

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

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

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

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Nikko Asset Management Asia Limited. Registration Number 198202562H

SOFT DOLLAR COMMISSIONS/ARRANGEMENTS

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

Appointment of soft dollar brokers

The Manager will appoint soft dollar brokers onto its broker panel only after it has ensured that:

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

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

Execution and allocation

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

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

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

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

The following are, however, prohibited:

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

The Manager shall retain the records of the payments made using soft dollar commissions.

The Manager will not accept or enter into soft-dollar commissions / arrangements unless:

- such soft-dollar commissions / arrangements would in the opinion of the Manager, assist the Manager in its management of the Fund;
- the Manager shall ensure at all times that best execution is carried out for the transactions; and
- no unnecessary trades are entered into in order to qualify for such soft-dollar commissions / arrangements.

The managers of the REITs into which the Fund may invest more than 10% of its asset value from time to time do not receive or intend to enter into soft dollar commissions or arrangements in their management of their REITs.

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

NIKKOAM-STRAITSTRADING ASIA EX JAPAN REIT ETF
(Constituted under a Trust Deed registered in the Republic of Singapore)

STATEMENT OF TOTAL RETURN
For the financial period ended 31 December 2017 (Unaudited)

	31 December 2017 S\$
Income	
Dividends	2,147,871
Interest	1
	<hr/> 2,147,872
Less: Expenses	
Administrator fee	17,277
Audit fee	6,621
Management fee	215,963
Less: Management fee rebate	(135,700)
Trustee fee	17,277
Transaction costs	40,522
Other expenses	116,906
	<hr/> 278,866
Net income	<hr/> 1,869,006
Net gains or losses on value of investments	
Net gains on investments	7,739,664
Net foreign exchange losses	(12,469)
	<hr/> 7,727,195
Total return for the financial period before income tax	9,596,201
Less: Income tax	(212,224)
Total return for the financial period after income tax	<hr/> <hr/> 9,383,977

NIKKOAM-STRAITSTRADING ASIA EX JAPAN REIT ETF*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF FINANCIAL POSITION***As at 31 December 2017 (Unaudited)*

	31 December 2017	30 June 2017
	S\$	S\$
ASSETS		
Portfolio of investments	100,478,935	72,479,694
Sales awaiting settlement	194,936	-
Receivables	663,181	3,887,937
Cash and bank balances	124,768	2,732,448
Total assets	101,461,820	79,100,079
LIABILITIES		
Payables	39,575	91,200
Purchases awaiting settlement	541,434	4,871,686
Distribution payable	965,133	860,945
Total liabilities	1,546,142	5,823,831
EQUITY		
Net assets attributable to unitholders	99,915,678	73,276,248

NIKKOAM-STRAITSTRADING ASIA EX JAPAN REIT ETF*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial period ended 31 December 2017 (Unaudited)*

	31 December 2017 S\$	For the financial period from 27 February 2017 (date of constitution) to 30 June 2017 S\$
Net assets attributable to unitholders at the beginning of financial period	73,276,248	-
Operations		
Change in net assets attributable to unitholders resulting from operations	9,383,977	4,306,792
Unitholders' contributions/(withdrawals)		
Creation of units	19,117,729	69,830,401
Cancellation of units	-	-
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	19,117,729	69,830,401
Distributions	(1,862,276)	(860,945)
Total increase in net assets attributable to unitholders	26,639,430	73,276,248
Net assets attributable to unitholders at the end of financial period	99,915,678	73,276,248

NIKKOAM-STRAITSTRADING ASIA EX JAPAN REIT ETF*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2017 (Unaudited)***By Geography (Primary)**

	Holdings at 31 December 2017	Fair value at 31 December 2017 S\$	Percentage of total net assets attributable to unitholders at 31 December 2017 %
Quoted Real Estate Investment Trusts (REITS)			
HONG KONG SAR			
Champion REIT	3,629,000	3,554,850	3.56
Fortune Real Estate Investment Trust	2,446,000	4,039,366	4.04
Hui Xian Real Estate Investment Trust	4,181,000	2,702,772	2.70
Link REIT	806,500	9,989,010	10.00
Spring Real Estate Investment Trust	1,424,000	827,691	0.83
Yuexiu Real Estate Investment Trust	2,070,000	1,811,841	1.81
Total Hong Kong SAR		22,925,530	22.94
INDONESIA			
First Real Estate Investment Trust	964,600	1,340,794	1.34
Total Indonesia		1,340,794	1.34
MALAYSIA			
Capitaland Malaysia Mall Trust	2,096,300	1,266,799	1.27
IGB Real Estate Investment Trust	3,100,200	1,842,745	1.84
Pavilion Real Estate Investment Trust	1,486,600	790,357	0.79
Sunway Real Estate Investment Trust	3,114,000	1,953,779	1.96
Total Malaysia		5,853,680	5.86
SINGAPORE			
Ascendas Real Estate Investment Trust	3,659,800	9,954,656	9.96
Ascott Residence Trust	2,036,300	2,484,286	2.49
CapitaLand Commercial Trust	4,349,500	8,394,535	8.40
CapitaLand Mall Trust	4,298,500	9,155,805	9.16
CapitaLand Retail China Trust	1,001,900	1,623,078	1.63
CDL Hospitality Trusts	1,448,700	2,448,303	2.45
Keppel REIT	3,642,300	4,589,298	4.59
Lippo Malls Indonesia Retail Trust	3,722,200	1,488,880	1.49
Mapletree Commercial Trust	3,532,200	5,722,164	5.73
Mapletree Greater China Commercial Trust	3,561,800	4,381,014	4.38
Mapletree Industrial Trust	2,440,000	4,953,200	4.96
Mapletree Logistics Trust	3,797,990	5,013,347	5.02
Suntec Real Estate Investment Trust	4,721,100	10,150,365	10.16
Total Singapore		70,358,931	70.42
Total Quoted Real Estate Investment Trusts (REITS)		100,478,935	100.56
Portfolio of investments		100,478,935	100.56
Other net liabilities		(563,257)	(0.56)
Net assets attributable to unitholders		99,915,678	100.00

NIKKOAM-STRAITSTRADING ASIA EX JAPAN REIT ETF*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2017 (Unaudited)*

By Geography (Summary)	Percentage of total net assets attributable to unitholders at 31 December 2017 %	Percentage of total net assets attributable to unitholders at 30 June 2017 %
Quoted Real Estate Investment Trusts (REITS)		
Hong Kong SAR	22.94	23.43
Indonesia	1.34	1.44
Malaysia	5.86	6.08
Singapore	70.42	67.96
Total Quoted Real Estate Investment Trusts (REITS)	100.56	98.91
Portfolio of investments	100.56	98.91
Other net (liabilities)/assets	(0.56)	1.09
Net assets attributable to unitholders	100.00	100.00

Information on investment portfolio by industry segments is not presented as the Fund invests only into Real Estate Investment Trusts (REITS).

NIKKOAM-STRAITSTRADING ASIA EX JAPAN REIT ETF
(Constituted under a Trust Deed registered in the Republic of Singapore)

REPORT TO UNITHOLDERS

For the financial period ended 31 December 2017 (Unaudited)

The following contains additional information relating to the Fund.

1. Distribution of investments

Please refer to the Statement of Portfolio on pages 8 to 9.

2. Credit rating of debt securities

Nil

3. Top 10 holdings

10 largest holdings at 31 December 2017

	Cost S\$	Fair value S\$	Percentage of total net assets attributable to unitholders %
Suntec Real Estate Investment Trust	8,537,494	10,150,365	10.16
Link REIT	8,150,738	9,989,010	10.00
Ascendas Real Estate Investment Trust	9,433,695	9,954,656	9.96
CapitaLand Mall Trust	8,512,196	9,155,805	9.16
CapitaLand Commercial Trust	6,999,029	8,394,535	8.40
Mapletree Commercial Trust	5,385,946	5,722,164	5.73
Mapletree Logistics Trust	4,447,458	5,013,347	5.02
Mapletree Industrial Trust	4,351,678	4,953,200	4.96
Keppel REIT	3,913,531	4,589,298	4.59
Mapletree Greater China Commercial Trust	3,659,846	4,381,014	4.38

NIKKOAM-STRAITSTRADING ASIA EX JAPAN REIT ETF
(Constituted under a Trust Deed registered in the Republic of Singapore)

REPORT TO UNITHOLDERS

For the financial period ended 31 December 2017 (Unaudited)

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

Please refer to the Statement of Portfolio on pages 8 to 9.

9. Borrowings

Nil

10. Amount of units created and cancelled for the financial period ended 31 December 2017

	S\$
Units created	19,117,729
Units cancelled	-

11. Financial ratios

Expense ratio

	31 December
	2017
Total operating expenses	S\$ 359,789
Average daily net asset value	S\$ 77,089,141
Total expense ratio¹ (annualized)	% 0.60

NIKKOAM-STRAITSTRADING ASIA EX JAPAN REIT ETF
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REPORT TO UNITHOLDERS
For the financial period ended 31 December 2017 (Unaudited)

11. Financial ratios (continued)

Turnover ratio

	31 December 2017	
Lower of total value of purchases or sales	S\$	4,721,726
Average daily net asset value	S\$	85,610,041
Total turnover ratio²	%	5.52

¹The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at 31 December 2017 was based on total operating expenses divided by the average net asset value for the year. The total operating expenses do not include brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

²The 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.

12. Related party transactions

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

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

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

	31 December 2017 S\$	30 June 2017 S\$
Bank balances held with a related party of the Trustee	124,768	2,732,448

NIKKOAM-STRAITSTRADING ASIA EX JAPAN REIT ETF

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

REPORT TO UNITHOLDERS

For the financial period ended 31 December 2017 (Unaudited)

13. Additional information

Service Providers:

Fund Manager	: Nikko Asset Management Asia Limited appointed on 27 Feb 17; any retirement or removal per Clause 29 of Trust Deed
Remuneration Basis	: 0.5% p.a. on NAV
Trustee/Custodian/ Valuation Agent/	
Fund Registrar	: HSBC Institutional Trust Services (Singapore) Limited
Market Makers	: Flow Traders Asia Pte Ltd, Commerzbank AG (Hong Kong)
Participating Dealers	: DBS Vickers Securities (S) Pte Ltd, UOB Kay Hian, OCBC Securities, Commerzbank AG (Hong Kong), Flow Traders Asia Pte Ltd, Phillip Securities Pte Ltd and ABN AMRO Clearing Bank N.V.
Corporate Secretariat	: Boardroom Corporate & Advisory Services Pte Ltd
Auditor	: PricewaterhouseCoopers appointed on 27 Feb 17
Audit Partner	: Ong King Howe
Tax Agent	: Ernst & Young Solutions LLP
Solicitors to Managers	: Allen & Gledhill LLP
Solicitors to Trustee	: Clifford Chance Pte Ltd

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

Nil.

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