

# SEMI-ANNUAL REPORT

For the financial period ending 31 December 2018

**NikkoAM-Straits Trading  
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**

Hou Wey Fook  
Lim Soon Chong  
Junichi Sayato  
Seet Oon Hui Eleanor  
Yu-Ming Wang

**TRUSTEE & REGISTRAR**

HSBC Institutional Trust Services (Singapore) Limited  
21 Collyer Quay, #13-02 HSBC Building  
Singapore 049320

**AUDITORS**

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

**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](http://www.nikkoam.com.sg))

## PERFORMANCE SUMMARY

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>Since Inception</b>
Benchmark <sup>1</sup>	-1.23	3.42	-1.49	N/A	N/A	9.61
NikkoAM-StraitsTrading Asia ex Japan REIT ETF <sup>2</sup>	-1.22	3.31	-1.84	N/A	N/A	9.01

Source: FTSE International Ltd. & Nikko Asset Management Asia Limited, returns as at 31 December 2018. Returns are calculated on a NAV-NAV basis, in SGD, and assuming all dividends and distributions are reinvested if any. Returns for periods in excess of 1 year are annualised. Past performance is not indicative of future performance.

### **Note:**

- (1) With effect from 3 September 2018, the name of the Index (which is the current benchmark for the Fund) has been changed from "FTSE EPRA/NAREIT Asia ex Japan Net Total Return REIT Index" to "FTSE EPRA Nareit Asia ex Japan Net Total Return REIT Index".
- (2) With effect from 31 January 2018, SRE Capital Pte. Ltd. has ceased to be the Investment Adviser to Nikko Asset Management Asia Limited in respect of the NikkoAM-StraitsTrading Asia ex Japan REIT ETF.

**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.**

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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 reporting or 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 or ETFs 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](http://www.nikkoam.com.sg)) before investing.

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The units of NikkoAM-StraitsTrading Asia ex Japan REIT ETF are not in any way sponsored, endorsed, sold or promoted by FTSE International Limited (“FTSE”), by the London Stock Exchange Group companies (“LSEG”), Euronext N.V. (“Euronext”), European Public Real Estate Association (“EPRA”), or the National Association of Real Estate Investment Trusts (“NAREIT”) (together the “Licensor Parties”) and none of the Licensor Parties make any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the FTSE EPRA Nareit Asia ex Japan Net Total Return REIT Index (the “Index”) and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by FTSE. However, none of the Licensor Parties shall be liable (whether in negligence or otherwise) to any person for any error in the Index and none of the Licensor Parties shall be under any obligation to advise any person of any error therein.

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Nikko Asset Management Asia Limited. Registration Number 198202562H

## SOFT DOLLAR COMMISSIONS/ARRANGEMENTS

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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 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.

Please note that with effect from 25 January 2018, the Managers have ceased to receive soft dollar commissions, or enter into soft dollar arrangements, in their management of the Fund.

\* 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 2018 (Unaudited)*

	<b>31 December 2018</b>	31 December 2017
	<b>S\$</b>	S\$
<b>Income</b>		
Dividends	<b>3,110,466</b>	2,147,871
Interest	<b>3</b>	1
	<b>3,110,469</b>	2,147,872
<b>Less: Expenses</b>		
Administrator fee	<b>25,731</b>	17,277
Audit fee	<b>11,090</b>	6,621
Management fee	<b>331,580</b>	215,963
Less: Management fee rebate	<b>(185,579)</b>	(135,700)
Trustee fee	<b>25,731</b>	17,277
Transaction costs	<b>73,798</b>	40,522
Other expenses	<b>166,703</b>	116,906
	<b>449,054</b>	278,866
<b>Net income</b>	<b>2,661,415</b>	1,869,006
<b>Net gains or losses on value of investments</b>		
Net gains on investments	<b>1,424,915</b>	7,739,664
Net foreign exchange losses	<b>(18,809)</b>	(12,469)
	<b>1,406,106</b>	7,727,195
<b>Total return for the financial period before income tax</b>	<b>4,067,521</b>	9,596,201
<b>Less: Income tax</b>	<b>(13,955)</b>	(212,224)
<b>Total return for the financial period after income tax</b>	<b>4,053,566</b>	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 2018 (Unaudited)

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	<b>31 December 2018</b>	30 June 2018
	<b>S\$</b>	S\$
<b>ASSETS</b>		
Portfolio of investments	<b>142,902,861</b>	117,418,651
Sales awaiting settlement	<b>1,689,435</b>	5,827
Receivables	<b>246,878</b>	1,427,803
Cash and bank balances	<b>1,691,485</b>	36,787
<b>Total assets</b>	<b>146,530,659</b>	118,889,068
<b>LIABILITIES</b>		
Payables	<b>2,405,533</b>	102,024
Purchases awaiting settlement	<b>1,039,531</b>	997,462
Distribution payable	<b>1,826,408</b>	1,134,690
<b>Total liabilities</b>	<b>5,271,472</b>	2,234,176
<b>EQUITY</b>		
Net assets attributable to unitholders	<b>141,259,187</b>	116,654,892

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**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 2018 (Unaudited)*

	<b>31 December 2018</b>	30 June 2018
	<b>S\$</b>	S\$
<b>Net assets attributable to unitholders at the beginning of financial period/ year</b>	<b>116,654,892</b>	73,276,248
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	<b>4,053,566</b>	3,800,417
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	<b>38,087,075</b>	48,927,189
Cancellation of units	<b>(14,146,021)</b>	(5,114,750)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	<b>23,941,054</b>	43,812,439
Distributions	<b>(3,390,325)</b>	(4,234,212)
Total increase in net assets attributable to unitholders	<b>24,604,295</b>	43,378,644
<b>Net assets attributable to unitholders at the end of financial period/ year</b>	<b>141,259,187</b>	116,654,892



**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 2018 (Unaudited)***By Geography (Primary)**

	Holdings at 31 December 2018	Fair value at 31 December 2018 S\$	Percentage of total net assets attributable to unitholders at 31 December 2018 %
<b>Quoted Real Estate Investment Trusts (REITS)</b>			
<b>HONG KONG SAR</b>			
Champion REIT	5,687,000	5,306,622	3.76
Fortune Real Estate Investment Trust	3,861,000	6,042,681	4.28
Hui Xian Real Estate Investment Trust	6,714,000	4,249,022	3.01
Link REIT	1,041,500	14,378,136	10.18
Spring Real Estate Investment Trust	2,261,000	1,361,905	0.96
Yuexiu Real Estate Investment Trust	3,354,000	2,931,142	2.07
<b>Total Hong Kong SAR</b>		<b>34,269,508</b>	<b>24.26</b>
<b>INDONESIA</b>			
First Real Estate Investment Trust	1,523,100	1,500,254	1.06
<b>Total Indonesia</b>		<b>1,500,254</b>	<b>1.06</b>
<b>MALAYSIA</b>			
IGB Real Estate Investment Trust	4,929,700	2,812,869	1.99
Pavilion Real Estate Investment Trust	2,338,200	1,264,761	0.90
Sunway Real Estate Investment Trust	4,854,600	2,770,017	1.96
<b>Total Malaysia</b>		<b>6,847,647</b>	<b>4.85</b>
<b>SINGAPORE</b>			
Ascendas Real Estate Investment Trust	5,570,200	14,315,414	10.13
Ascott Residence Trust	3,191,600	3,446,928	2.44
CapitaLand Commercial Trust	7,127,100	12,472,425	8.83
CapitaLand Mall Trust	6,439,300	14,552,818	10.30
CapitaLand Retail China Trust	1,695,400	2,305,744	1.64
CDL Hospitality Trusts	2,279,700	3,328,362	2.36
Keppel REIT	5,705,500	6,504,270	4.60
Lippo Malls Indonesia Retail Trust	5,781,300	1,052,197	0.75
Mapletree Commercial Trust	5,541,000	9,142,650	6.47
Mapletree Industrial Trust	3,817,500	7,291,425	5.16
Mapletree Logistics Trust	6,985,590	8,801,843	6.23
Mapletree North Asia Commercial Trust	6,124,700	6,982,158	4.94
Suntec Real Estate Investment Trust	5,668,100	10,089,218	7.14
<b>Total Singapore</b>		<b>100,285,452</b>	<b>70.99</b>
<b>Total Quoted Real Estate Investment Trusts (REITS)</b>		<b>142,902,861</b>	<b>101.16</b>
<b>Portfolio of investments</b>		<b>142,902,861</b>	<b>101.16</b>
<b>Other net liabilities</b>		<b>(1,643,674)</b>	<b>(1.16)</b>
<b>Net assets attributable to unitholders</b>		<b>141,259,187</b>	<b>100.00</b>

**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 2018 (Unaudited)*

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<b>By Geography (Summary)</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2018 %</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2018 %</b>
<b>Quoted Real Estate Investment Trusts (REITS)</b>		
Hong Kong SAR	<b>24.26</b>	24.43
Indonesia	<b>1.06</b>	1.44
Malaysia	<b>4.85</b>	5.14
Singapore	<b>70.99</b>	69.64
<b>Total Quoted Real Estate Investment Trusts (REITS)</b>	<b>101.16</b>	100.65
<b>Portfolio of investments</b>	<b>101.16</b>	100.65
<b>Other net liabilities</b>	<b>(1.16)</b>	(0.65)
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	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 2018 (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 2018**

	Cost S\$	Fair value S\$	Percentage of total net assets attributable to unitholders %
CapitaLand Mall Trust	13,225,681	14,552,818	10.30
Link REIT	11,718,353	14,378,136	10.18
Ascendas Real Estate Investment Trust	14,458,887	14,315,414	10.13
CapitaLand Commercial Trust	12,051,254	12,472,425	8.83
Suntec Real Estate Investment Trust	10,409,898	10,089,218	7.14
Mapletree Commercial Trust	8,703,855	9,142,650	6.47
Mapletree Logistics Trust	8,563,408	8,801,843	6.23
Mapletree Industrial Trust	7,145,583	7,291,425	5.16
Mapletree North Asia Commercial Trust	6,661,936	6,982,158	4.94
Keppel REIT	6,446,890	6,504,270	4.60

**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 2018 (Unaudited)*

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**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 2018**

	<b>S\$</b>
Units created	<b>38,087,075</b>
Units cancelled	<b><u>(14,146,021)</u></b>

**11. Financial ratios**

**Expense ratio**

	<b>31 December 2018</b>	31 December 2017
Total operating expenses	<b>S\$ 722,420</b>	359,789
Average daily net asset value	<b>S\$ 121,280,216</b>	77,089,141
<b>Total expense ratio<sup>1</sup></b>	<b>% 0.60</b>	0.60

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**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 2018 (Unaudited)*

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**11. Financial ratios (continued)**

**Turnover ratio**

	<b>31 December 2018</b>	31 December 2017
Lower of total value of purchases or sales	<b>S\$ 20,542,509</b>	4,721,726
Average daily net asset value	<b>S\$ 131,507,220</b>	85,610,041
<b>Total turnover ratio<sup>2</sup></b>	<b>% 15.62</b>	5.52

<sup>1</sup>The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at 31 December 2018 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.

<sup>2</sup>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.

**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:

	<b>31 December 2018 S\$</b>	30 June 2018 S\$
Bank balances held with a related party of the Trustee	<b>1,691,485</b>	36,787

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## 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 2018 (Unaudited)

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#### 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 Bank, Commerzbank AG (Hong Kong), Flow Traders Asia Pte Ltd, ABN AMRO and Phillip Capital
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	: Chan & Goh LLP
Solicitors to Trustee	: Clifford Chance Pte Ltd

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

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