

# NIKKO AM NEW ASIA FUND

## Fund Update

### Fund Performance

	1 Month (%)	3 Months (%)	6 Months (%)	1 Year (%)	2 Years p.a. (%)	3 Years p.a. (%)	5 Years p.a. (%)	Since Inception p.a. (%)
Fund growth return	0.61	-11.18	-11.61	-27.90	-3.63	0.08	3.89	4.34
Fund distribution return	0.00	0.00	0.00	14.77	11.18	7.83	5.02	2.66
Total Fund return (net)	0.61	-11.18	-11.61	-13.12	7.55	7.91	8.91	6.99
Benchmark	0.21	-10.72	-10.13	-14.14	3.77	2.32	6.25	7.26
<b>Excess return</b>	<b>0.39</b>	<b>-0.46</b>	<b>-1.48</b>	<b>1.01</b>	<b>3.79</b>	<b>5.59</b>	<b>2.66</b>	<b>-0.27</b>

Source: BNP Paribas. Net returns are post fees, pre tax using redemption prices and assume reinvestment of distributions. Distribution return equals Total Fund (Net) minus Growth return. Past performance is not an indicator of future performance. Benchmark: MSCI All Country Asia ex Japan Index. Inception date: 24 November 2005.

The Fund outperformed the benchmark during the month in AUD terms.

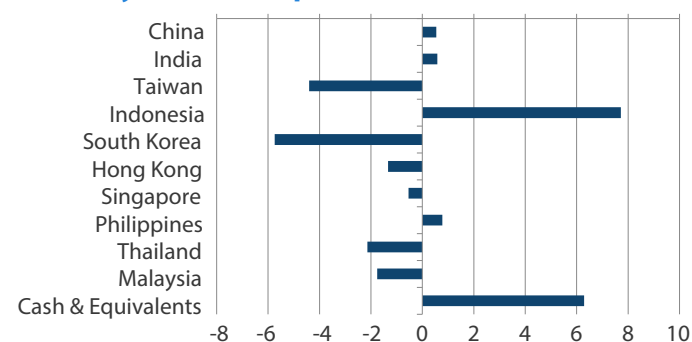
Key contributors to relative performance:

- At the sector level, **materials** contributed positively.
- At the country level, **Taiwan** and **Indonesia** added value.
- In the energy space, our holding in **Reliance Industries** in India contributed notably as the outlook for refining margins improved.
- In Indonesia, holdings in **Vale Indonesia**, one of the country's largest nickel producers and **Merdeka Copper Gold**, a copper and gold miner, contributed to performance as their shares well bid on continued elevated underlying raw material prices.

Key detractors from relative performance:

- At the sector level, **health care** detracted from performance.
- At the country level, holdings in **China** detracted the most owing to continued lockdowns across pockets of China.
- **Iflytek Co** sold off circa 24% following results that revealed weaker-than-expected margins. With greater contribution from delayed government medical projects expected in the second half of 2022, the stock now looks attractively priced.
- **Sungrow Power** also corrected sharply due to margin weakness. At the current share price, the risk-reward is particularly attractive given expected strength and resilience in demand for the company's key products.

### Country Active Exposure (%)



### Country Exposure

Sector	Fund %	Index %	Relative %
China	35.35	34.81	0.54
India	16.11	15.53	0.58
Taiwan	13.19	17.59	-4.40
Indonesia	9.91	2.19	7.72
South Korea	8.50	14.24	-5.75
Hong Kong	5.95	7.29	-1.34
Singapore	3.06	3.60	-0.54
Philippines	1.63	0.86	0.78
Thailand	--	2.14	-2.14
Malaysia	--	1.76	-1.76
Cash & Equivalents	6.29	--	6.29
Total	100.00	100.00	0.00

### Top 10 Holdings

Name	Fund %
Tencent Holdings Ltd	6.18
AIA Group Ltd	5.95
Samsung Electronics Co Ltd	5.83
Reliance Industries	5.62
Taiwan Semiconductor - SP ADR	3.74
Bank Central Asia	3.64
Taiwan Semiconductor Manufacturing Co Ltd	3.60
International Nickel Indonesia	3.47
Baidu Inc	3.25
Sun Pharmaceutical Industries	2.98

### Market Commentary

Asian markets were downcast after US monthly CPI data showed a rise of 1.2% in March, the biggest monthly gain since September 2005, and the US Federal Reserve (Fed) indicated that the central bank was preparing a 50 basis point interest rate hike at its meeting in May. Prices of commodities, in particular energy, remained high as effects from the Russia-Ukraine war rippled through the global economy. For the month, the MSCI AC Asia ex Japan Index returned

-5.2% in US dollar (USD) terms. Indonesia, India and Malaysia were the month's best performers, while Taiwan and the Philippines lagged.

India (-1.7% in USD terms) fell marginally on the back of inflation data, as retail inflation accelerated to near 7% year-on-year, and annual wholesale inflation rose to 14.55% in March due to rising costs. The Reserve Bank of India also announced that it would prioritise tackling inflation over supporting economic growth and its accommodative policy stance.

Indonesia (3.7%), which delivered the sole positive return in the region, climbed as S&P Global Ratings revised its outlook for Indonesia's credit ratings upwards to "stable", due to its economic recovery from the pandemic and better terms of trade. The rest of the ASEAN region fared less positively. Malaysia fell by 2.7% on the back of a rise in CPI of 2.2% in March 2022. Thailand (-4.7%) fell as its finance ministry revised its 2022 economic growth forecast downwards due to the impact of the Russia-Ukraine war on global growth and inflation. In Singapore (-7.5%), the Monetary Authority of Singapore tightened its monetary policy again as economic momentum waned over the first quarter. The Philippines (-8.0%) also retreated as the Philippine Statistics Authority reported that inflation rose to 4% in March, due to skyrocketing oil price and food inflation.

In the North Asian region, China was the best performing country, despite returning -4.1%. China's economy slowed in March as consumption, real estate and trade were affected due to COVID-19 curbs and weakened domestic demand. The Chinese government's relentless pursuit to shore up the economy continues, which included cutting its reserve requirement ratio by 0.25%. Nearby in Hong Kong (-5.0%), incumbent Chief Executive Carrie Lam chose not to contest in the next election, which was set for 8 May. South Korean stocks dived 6.3% as the central bank raised its benchmark rate to the highest rate since August 2019, increasing it by 0.25% to 1.50% to combat inflation. Taiwan (-9.8%) was the worst performing country in the region as the country battles a surge in local COVID-19 cases, sustaining losses despite exports rising for a 21st straight month in March in the face of continued strong tech demand.

## Sector Exposure

Sector	Fund %	Benchmark %
Information Technology	23.74	23.31
Financials	20.70	20.69
Communication Services	12.13	10.10
Health Care	8.54	3.84
Consumer Discretionary	6.38	13.81
Industrials	6.35	6.61
Materials	5.70	5.60
Energy	5.62	3.70
Consumer Staples	2.33	5.07
Real Estate	1.42	4.11
Utilities	0.81	3.15
Cash & Equivalents	6.29	--
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

## Fund Objective

To outperform the MSCI All Country Asia ex Japan Index (in Australian dollar terms) over the long term after fees and expenses but before taxes.

### Key Facts

#### Responsible Entity

Yarra Investment Management Limited

#### APIR Code

TGP0006AU

#### ARSN

116 556 113

#### Fund Size

AUD 17.19 million

#### Minimum Investment

AUD 10,000

#### Buy/Sell Spread

0.25/0.25

#### Asset Allocation

Asian securities (ex Japan)\*  
80 – 100

Cash & short-term securities\*\* 0 – 20

#### Distribution Frequency

Annually

#### Benchmark

MSCI All Country Asia – ex Japan Index (in Australian Dollar terms)

\* Investments in Asian securities include ADRs and GDRs of Asian domiciled companies listed in the US and Europe.

\*\* Investments in cash includes cash equivalents such as other investment grade interest bearing securities.

## Contact Us

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