

# 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	-4.93	-8.35	-9.04	-22.77	-2.33	3.38	7.14	4.82
Fund distribution return	0.00	0.00	0.00	15.82	11.33	8.09	5.17	2.70
Total Fund return (net)	-4.93	-8.35	-9.04	-6.95	9.00	11.48	12.31	7.52
Benchmark	-5.19	-6.28	-9.80	-8.72	3.88	6.03	9.30	7.74
<b>Excess return</b>	<b>0.25</b>	<b>-2.07</b>	<b>0.76</b>	<b>1.76</b>	<b>5.12</b>	<b>5.45</b>	<b>3.01</b>	<b>-0.22</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.

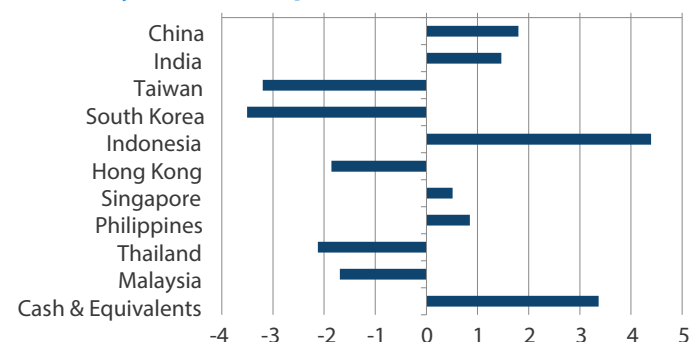
Key contributors to relative performance:

- At the sector level, **healthcare, financial and materials** contributed positively.
- At the country level, **China, Hong Kong and Indonesia** added value.
- **ifytek Co** contributed to performance having upgraded its growth guidance for the year on the back of better visibility in its business outlook.
- **Proya Cosmetics** continued to see strong demand for its flagship products from its Tmall and Douyin channels, which was especially apparent during the Valentine's Day sales period.
- In the materials sector, nickel company **PT Vale Indonesia** and copper company **PT Merdeka**, which are primarily geared towards the electrification of the world, benefitted from the strong rally in commodity prices.

Key detractors from relative performance:

- At the sector level, **industrials and information technology** detracted from performance.
- At the country level, **Taiwan** was the principal detractor.
- Despite adopting a selective approach within the technology sector over the past few months, our stock holdings were not spared in a broad sell-down within the sector. The biggest detractor was **Taiwan Semiconductor Manufacturing Company**.

### Country Active Exposure (%)



### Country Exposure

Sector	Fund %	Index %	Relative %
China	38.21	36.41	1.80
India	15.64	14.18	1.46
Taiwan	15.31	18.51	-3.20
South Korea	10.55	14.06	-3.51
Indonesia	6.24	1.85	4.39
Hong Kong	5.31	7.17	-1.86
Singapore	3.63	3.12	0.51
Philippines	1.74	0.89	0.85
Thailand	--	2.12	-2.12
Malaysia	--	1.69	-1.69
Cash & Equivalents	3.37	--	3.37
Total	100.00	100.00	0.00

### Top 10 Holdings

Name	Fund %
Samsung Electronics Co Ltd	6.78
Tencent Holdings Ltd	6.27
AIA Group Ltd	5.31
Taiwan Semiconductor - SP ADR	5.10
Reliance Industries	4.19
Taiwan Semiconductor Manufacturing Co Ltd	3.51
Indusind Bank Ltd	2.95
International Nickel Indonesia	2.83
DBS Group Holdings	2.75
Sun Pharmaceutical Industries	2.49

### Market Commentary

Asian stocks turned in losses in February as escalating Russia-Ukraine tensions culminated in a Russian invasion. For the month, the MSCI AC Asia ex Japan Index returned -2.3% in US dollar (USD) terms. Within the region, Malaysia and Indonesia were the best performers (as measured by the MSCI indices in USD terms), while India and China saw the biggest declines.

Indian stocks fell by 4.0%, buffeted by weaknesses in global markets and inflation, as its CPI increased to 6.01% in January, driven by rising prices of food and manufactured items. Market sentiment was also dampened by oil prices that surged above USD 100 per barrel for the first time since 2014, widening the country's current account deficit. The Reserve Bank of India kept repo and reverse repo rates unchanged at 4.00% and 3.35% respectively to support economic recovery.

China stocks retreated (-3.9%) despite various measures by the central bank to bolster economic growth. The People's Bank of China (PBOC) injected 300 billion yuan through medium-term loans into the financial system while keeping interest rates unchanged. China also introduced measures to reignite demand and ease the liquidity crunch in the property sector including allowing smaller down payments, lowering mortgage rates and cutting the deed tax.

The rest of the North Asian markets were relatively better performers. South Korea eked out 0.7% as its central bank retained its benchmark rate at a pre-pandemic level of 1.25% to restrain inflation and household debt growth. Taiwan (-2.5%) saw exports rise for the 19th straight month in January due to robust global demand for its technology while Hong Kong (-2.8%) announced a budget of HKD 170 billion to offset the restrictions caused by the pandemic on households and businesses and to boost the economy.

The ASEAN region outpaced the broader regional index, partly due to positive GDP growth announcements for the different countries in the region. Malaysia (5.5%) and the Philippines (0.1%) both reported GDP growth of 3.6% and 7.7% respectively in the fourth quarter of 2021. The central banks of both Thailand (5.3%) and Indonesia (5.5%) kept interest rates unchanged. In Thailand, market sentiment was lifted by news that the country has commenced discussions on travel bubbles with Malaysia and China. Indonesia announced it will keep policy rates unchanged until inflation exceeds its target band of 2-4%. Conversely, Singapore closed marginally lower (-1.2%) as its core inflation in January rose to 2.4% on a year-on-year basis, the highest level in more than nine years. Singapore's central bank also moved to tighten monetary policy to counter rising prices.

## Sector Exposure

Sector	Fund %	Benchmark %
Information Technology	28.67	24.99
Financials	20.53	19.95
Communication Services	11.92	10.24
Health Care	9.99	3.99
Materials	6.09	5.49
Industrials	5.32	6.55
Consumer Discretionary	4.96	13.65
Energy	4.19	3.17
Consumer Staples	2.85	5.12
Real Estate	1.24	3.94
Utilities	0.88	2.90
Cash & Equivalents	3.37	--
<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

<b>Responsible Entity</b> Yarra Investment Management Limited	<b>Buy/Sell Spread</b> 0.25/0.25
<b>APIR Code</b> TGP0006AU	<b>Asset Allocation</b> Asian securities (ex Japan)* 80 – 100
<b>ARSN</b> 116 556 113	Cash & short-term securities** 0 – 20
<b>Fund Size</b> AUD 18.61 million	<b>Distribution Frequency</b> Annually
<b>Minimum Investment</b> AUD 10,000	<b>Benchmark</b> 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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