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	-2.39	-0.48	-4.06	-19.52	0.23	7.46	8.42	5.17
Fund distribution return	0.00	0.00	0.00	16.49	11.63	8.41	5.23	2.72
Total Fund return (net)	-2.39	-0.48	-4.06	-3.03	11.86	15.87	13.65	7.89
Benchmark	-0.01	0.66	-2.14	-3.40	7.14	9.57	10.92	8.13
Excess return	**-2.38**	**-1.14**	**-1.93**	**0.37**	**4.72**	**6.30**	**2.73**	**-0.24**

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 underperformed the benchmark during the month in AUD terms.

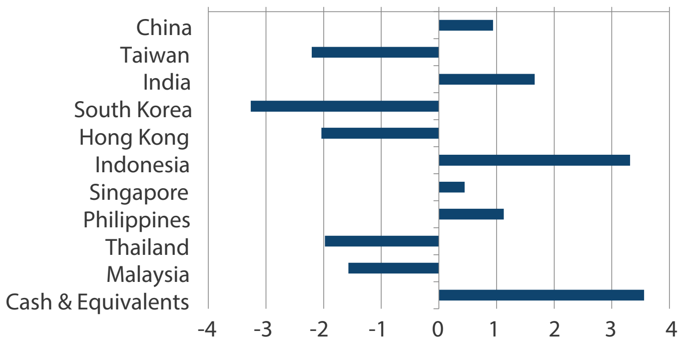
Key contributors to relative performance:

- At the sector level, **consumer discretionary** and **financial** stocks contributed positively.
- At the country level, **South Korea** and **Taiwan** added value.
- Financials broadly rallied on expectations of higher rates, following the December correction. **Bandhan Bank** in particular, rebounded on better-than-expected credit growth, and better-than-feared credit costs in their latest quarterly reports.
- Despite the sharp corrections in the information technology sector, with some stocks seeing corrections to the tune of 30% in the month, **Taiwan Semiconductor** was a notable exception as it outperformed the market.

Key detractors from relative performance:

- At the sector level, **health care** and **information technology** detracted from performance.
- At the country level, **China** was the principal detractor.
- In healthcare, **HutchMed China** was a casualty of the biotech sell-off following the US Federal Reserve's hawkish commentary.
- **Geely Automobile** also detracted from performance.

Country Active Exposure (%)



Country Exposure

Sector	Fund %	Index %	Relative %
China	37.97	37.03	0.94
Taiwan	16.36	18.56	-2.20
India	16.11	14.45	1.66
South Korea	10.27	13.54	-3.26
Hong Kong	5.17	7.21	-2.04
Indonesia	5.03	1.71	3.32
Singapore	3.53	3.08	0.45
Philippines	1.99	0.87	1.13
Thailand	--	1.98	-1.98
Malaysia	--	1.57	-1.57
Cash & Equivalents	3.56	--	3.56
Total	100.00	100.00	0.00

Top 10 Holdings

Name	Fund %
Tencent Holdings Ltd	6.89
Samsung Electronics Co Ltd	6.73
Taiwan Semiconductor - SP ADR	5.72
AIA Group Ltd	5.17
Reliance Industries	4.19
Taiwan Semiconductor Manufacturing Co Ltd	3.65
DBS Group Holdings	2.92
Sun Pharmaceutical Industries	2.89
Indusind Bank Ltd	2.76
Baidu Inc	2.35

Market Commentary

Asian stocks had a subdued start to the year, on the back of concerns that persistent inflation could cause the US Federal Reserve (Fed)'s tightening cycle to be more aggressive than expected. The MSCI AC Asia ex Japan Index fell by 3.10% in US dollar (USD) terms, with markets in the ASEAN region generally outpacing their North Asian counterparts.

China (-3.0% in USD terms) saw its GDP grow by 8.1% in 2021, largely ahead of expectations, but fourth-quarter growth slowed to 4% year-on-year (YoY) on the back of domestic COVID-19 outbreaks and continued weakness in the property sector. In contrast to the Fed and many other developed market central banks, the People's Bank of China continued to loosen policy: it cut its one-year loan prime rate by 10 basis points (bps) to 3.7% and its five-year loan prime rate by 5 bps to 4.6%, in an attempt to shore up the economy. Hong Kong gained 1.0% in January. Unemployment fell to 3.9% in the December quarter, although recently extended social distancing measures could cause joblessness to rise again.

Elsewhere in North Asia, South Korea (-10.2%) was the worst performing market in the region. The central bank raised its benchmark rate to its pre-pandemic level of 1.25% to curb inflation, and kept the door open for further tightening. A resurgence of local COVID-19 cases, despite extended movement restrictions, also affected investor sentiment. Taiwan (-2.0%) edged lower on the back of weakness in its tech stocks. That said, its economy grew at its fastest pace in over a decade in 2021, buoyed by robust tech exports during the pandemic. According to preliminary data, GDP growth reached 6.28% for the full year, compared to 3.11% in 2020.

India declined by 1.4% in January. Unemployment, which rose to a four-month high of 7.91% in December, continues to be a concern. However, the nation is expected to see economic growth of 9.2% for the year ending March 2022, helped by the vaccine rollout and a reduction in COVID-19 infections. Policymakers also announced the annual Union Budget, which made provisions for a sharp increase in public investment and infrastructure spending.

The ASEAN region generally outperformed the broader index. The Philippines (4.1%) was the best performer in the region, buoyed by faster-than-expected GDP growth of 7.7% YoY in the fourth quarter. Thai stocks (0.2%) also edged higher, as the government approved a THB 3.19 trillion budget for the 2023 fiscal year and resumed a quarantine-free visa programme for vaccinated visitors. On the other hand, Malaysia (-3.6%) and Singapore (-1.1%) saw more muted returns as rising inflation dampened sentiment. Towards the end of the month, Singapore's central bank unexpectedly tightened its monetary policy settings in an out-of-cycle move to counter rising prices.

Sector Exposure

Sector	Fund %	Benchmark %
Information Technology	29.51	25.15
Financials	19.98	19.90
Communication Services	12.13	10.63
Health Care	10.22	3.93
Industrials	5.35	6.16
Consumer Discretionary	5.07	14.23
Materials	4.87	5.20
Energy	4.19	3.06
Consumer Staples	2.74	4.93
Real Estate	1.40	3.97
Utilities	0.97	2.86
Cash & Equivalents	3.56	--
Total	**100.00**	**100.00**

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 19.58 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.

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Important Information