nikko am
Nikko Asset Management

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	-0.65	-7.19	-14.93	-29.54	-3.49	2.12	2.96	4.27
Fund distribution return	0.00	0.00	0.00	14.43	11.20	8.00	4.97	2.64
Total Fund return (net)	-0.65	-7.19	-14.93	-15.11	7.71	10.12	7.93	6.91
Benchmark	-0.48	-6.29	-12.17	-15.40	4.84	4.69	5.15	7.19
Excess return	**-0.18**	**-0.90**	**-2.76**	**0.30**	**2.87**	**5.43**	**2.78**	**-0.28**

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 marginally underperformed the benchmark during the month in AUD terms.

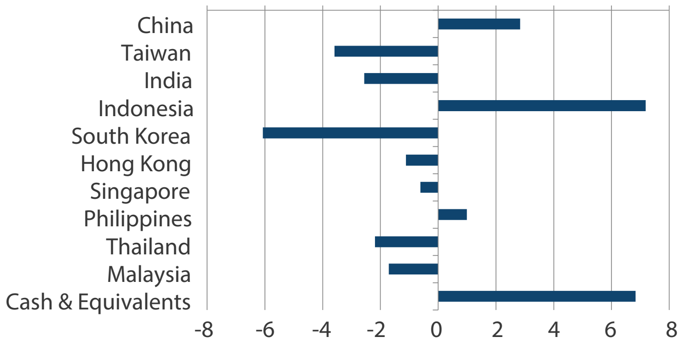
Key contributors to relative performance:

- At the sector level, **materials** contributed positively on the back of higher commodity prices.
- At the country level, **China** added value owing to increased policy easing measures.
- **Vale Indonesia**, one of the country's largest nickel producers continued its strong performance after delivering a good set of results and benefitted from further market optimism in nickel prices.
- Chinese internet company **Baidu** was another stock which benefitted from a good set of results, fuelling confidence in its transformation to become an AI, cloud and intelligent driving company.

Key detractors from relative performance:

- At the sector level, **health care** detracted from performance.
- At the country level, holdings in **Taiwan** and **Korea** detracted the most.
- Chinese pharmaceutical company **Hutchmed** underperformed after a series of negative changes. Not only did the company receive a big regulatory setback in the US for its Surufatinib drug, it also lost its highly regarded long time CEO due to his retirement.

Country Active Exposure (%)



Country Exposure

Sector	Fund %	Index %	Relative %
China	37.85	35.01	2.84
Taiwan	14.61	18.19	-3.59
India	12.01	14.57	-2.56
Indonesia	9.29	2.11	7.18
South Korea	8.41	14.48	-6.07
Hong Kong	6.29	7.41	-1.12
Singapore	2.85	3.46	-0.61
Philippines	1.86	0.86	0.99
Thailand	--	2.19	-2.19
Malaysia	--	1.71	-1.71
Cash & Equivalents	6.83	--	6.83
Total	100.00	100.00	0.00

Top 10 Holdings

Name	Fund %
AIA Group Ltd	6.29
Samsung Electronics Co Ltd	5.90
Tencent Holdings Ltd	5.05
Taiwan Semiconductor - SP ADR	4.88
Reliance Industries	4.01
Baidu Inc	3.66
Bank Central Asia	3.45
International Nickel Indonesia	3.37
Taiwan Semiconductor Manufacturing Co Ltd	2.69
Proya Cosmetics Co. Ltd.	2.59

Market Commentary

Asian equity markets rose marginally in May, lifted by Shanghai's lifting of COVID-19 restrictions and easing policy measures in China, even as the US Federal Reserve (Fed) raised its benchmark overnight interest rate by 50 basis points (bps), the largest increase in 22 years. The Fed also prepared market watchers of its plans for more rate hikes of 50 bps at upcoming meetings, on top of reducing its assets to control inflation. For the month, the MSCI AC Asia ex Japan Index returned 0.5% in US dollar (USD) terms. Local markets saw mixed returns as Hong Kong, Thailand and Taiwan were the month's best gainers (as measured by the MSCI indices in USD terms), while India, Singapore and Indonesia detracted.

India was the largest underperformer, backtracking by 5.8% (in USD terms), following a surge in retail inflation to 7.79% in April year-on-year. Market sentiment was also weighed down by higher oil prices, and an increase in the repo rate by 40 bps to 4.40%.

The ASEAN region saw mixed returns. Indonesia and Malaysia fell by 3.3% and 2.3% respectively as interest rates were hiked. Indonesia's central bank lifted the reserve requirement ratio (RRR) for banks to 7.5% starting in July and 9% in September, and announced expectations for inflation to rise above its target band of 2-4%. Malaysia's central bank raised the benchmark interest rate to 2% from 1.75%. Singapore retreated 2.8% on the back of CPI data — core inflation stood at 3.3% in April on a year-on-year basis, the highest since February 2012. The Philippines and Thailand markets netted 1.3% and 2.4% respectively, riding on positive growth data that exceeded expectations. Philippines' GDP grew 8.3% year-on-year in the first quarter, and Thailand's GDP for January to March expanded 1.1% from the previous quarter. In addition, Philippines concluded its presential election, with Ferdinand Marcos' campaign to rev up the economy seeing him emerge victorious.

All markets in the North Asian region rose. China and Hong Kong advanced by 1.2% and 2.8% respectively, buoyed by Shanghai's announcement to lift COVID-19 restrictions. Coupled with the government's measures to shore up the economy such as cutting the benchmark rate for mortgages, subsidising utility bills and voucher handouts, positive market sentiment abounded even as export growth slowed to 3.9% in April from a year earlier. COVID-19 curbs disrupted production and demand, resulting in shrinkage of profits at China's industrial firms by 8.5% in April from a year earlier. Taiwan and South Korea returned 3.6% and 1.8% respectively as export data was released — Taiwan's exports rose for a 22nd straight month in April due to sustained demand for chips despite geopolitical uncertainties and supply chain worries, and South Korea's exports grew 12.6% in April from a year earlier.

Sector Exposure

Sector	Fund %	Benchmark %
Information Technology	24.67	24.00
Financials	20.43	20.43
Communication Services	11.25	9.98
Industrials	7.77	6.72
Health Care	7.17	3.71
Materials	6.69	5.45
Consumer Discretionary	6.44	13.89
Energy	4.01	3.62
Consumer Staples	2.59	5.09
Real Estate	1.24	4.02
Utilities	0.90	3.08
Cash & Equivalents	6.83	--
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 17.08 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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Important Information