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	3.22	-0.76	-17.17	-9.41	5.69	10.27	9.16	5.47
Fund distribution return	0.00	0.00	16.97	18.56	12.26	8.63	5.27	2.76
Total Fund return (net)	3.22	-0.76	-0.21	9.15	17.95	18.90	14.43	8.22
Benchmark	1.83	-3.76	-3.68	4.32	9.35	11.64	11.46	8.30
Excess return	**1.39**	**3.00**	**3.47**	**4.83**	**8.61**	**7.26**	**2.97**	**-0.08**

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.

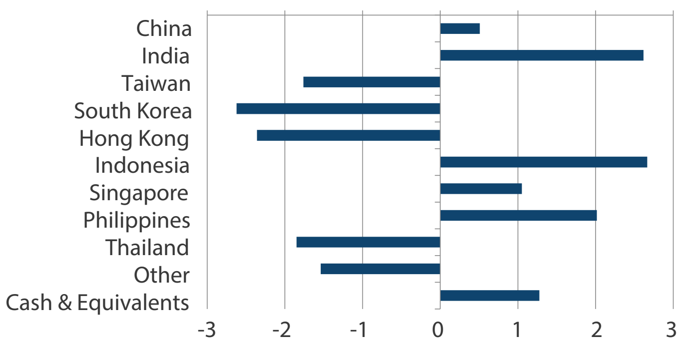
Key contributors to relative performance:

- At the country level, stocks in **China A-shares** contributed positively.
- Health food company **Shandong Head Co** rallied after insiders scrapped share sale plans. The company also disclosed that its production capacity for cellulose ether is now the biggest in China after recent growth plans.
- **Goertek Inc**, a supplier of augmented reality (AR) and virtual reality (VR) tech hardware, was also a notable outperformer due to upgraded expectations for metaverse-related sales.
- Electrical power equipment company **Nari Technology Co** also contributed positively on the back of stronger growth prospects in grid automation, voltage source converter-based high-voltage direct current technology, and pumped storage hydropower in China.

Key detractors from relative performance:

- **IndusInd Bank** came under pressure in November following a management reshuffle and whistle-blower allegations in its microfinance division pertaining to ever-greening loans. The bank has initiated a full independent audit of the division and remains committed to cleaning up its balance sheet and preparing for better quality sustainable growth.

Country Active Exposure (%)



Country Exposure

Sector	Fund %	Index %	Relative %
China	39.25	38.75	0.51
India	16.39	13.77	2.62
Taiwan	16.05	17.81	-1.76
South Korea	11.25	13.87	-2.62
Hong Kong	4.77	7.13	-2.36
Indonesia	4.34	1.68	2.66
Singapore	3.86	2.81	1.05
Philippines	2.82	0.80	2.02
Thailand	--	1.85	-1.85
Other	--	1.54	-1.54
Cash & Equivalents	1.28	--	1.28
Total	100.00	100.00	0.00

Top 10 Holdings

Name	Fund %
Tencent Holdings Ltd	6.41
Samsung Electronics Co Ltd	6.35
Taiwan Semiconductor - SP ADR	6.09
AIA Group Ltd	4.77
Reliance Industries	4.01
Taiwan Semiconductor Manufacturing Co Ltd	2.82
Alibaba Group Holding	2.69
Sun Pharmaceutical Industries	2.68
Indusind Bank Ltd	2.65
Geely Automobile Holdings	2.30

Market Commentary

Asian stocks fell in November, on concerns that the spread of the new Omicron COVID-19 variant could derail global reopening plans and delay economic recoveries. Separately, the US Federal Reserve (Fed) signalled at month end that it could hike rates sooner than expected, with Fed chair Jerome Powell stating that inflation could last longer than anticipated, and that he now advocates a quicker tapering of the central bank's stimulus measures.

For the month, the MSCI AC Asia ex Japan Index fell by 3.9% in US dollar (USD) terms. The Philippines and Taiwan were the only markets to post positive USD returns, while Thailand and Singapore saw the biggest declines.

North Asia broadly underperformed the regional index. Sentiment in China (-6.0% in USD terms) was dampened by an outbreak of domestic COVID-19 cases which prompted Shanghai to cancel flights and shut schools. The property sector also continued to struggle, with residential sales and new home prices falling. Separately, China's manufacturing purchasing managers' index (PMI) unexpectedly rebounded to 50.1 points in November, its first expansion in two months as power shortages eased. Hong Kong (-5.3%) tracked the decline in global markets—weak technology (tech) earnings and the ongoing regulatory crackdown on the Macau gambling sector added to investor concerns over the month.

South Korea (-4.6%) grappled with a spike in COVID-19 infections, reporting an average of over 4,000 daily cases. The Bank of Korea raised interest rates by 25 basis points (bps) for the second time this year, citing concerns about rising inflation and household debt. Elsewhere, Taiwan was a bright spot, returning 2.2% in USD terms over the month. Its economy is expected to grow 6% in 2021, its fastest pace over a decade, on the back of strong export performance.

The ASEAN region also saw muted returns as investors weighed the impact of the Omicron variant and governments began to tighten borders. Indonesia (-2.8%), Malaysia (-4.7%) and Thailand (-6.0%) saw their economies shrink in the third quarter on renewed COVID-19 restrictions, while Singapore (-7.5%) expects economic growth to slow to between 3% and 5% in 2022 amid an uneven domestic recovery and persistent uncertainty over global growth. In contrast, the Philippines (2.6%) was the best-performing market in the region, buoyed by better-than-expected GDP growth of 7.1% year-on-year in the third quarter.

India retreated by 3.0% in November, similarly buffeted by fears of the new virus variant. In other news, the Indian parliament voted to repeal a set of contentious agricultural reform laws that would have removed the sector's protection from the free market, and that had sparked a year of massive protests by farmers.

Sector Exposure

Sector	Fund %	Benchmark %
Information Technology	29.14	24.68
Financials	17.83	18.68
Communication Services	12.75	10.59
Health Care	10.12	4.83
Consumer Discretionary	7.55	15.82
Materials	5.78	5.09
Industrials	5.40	6.14
Energy	4.01	2.84
Consumer Staples	3.37	4.90
Utilities	1.43	2.63
Real Estate	1.36	3.80
Cash & Equivalents	1.28	--
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 20.35 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