

# 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	-2.26	-3.60	-18.42	-9.53	4.89	9.94	8.06	5.29
Fund distribution return	0.00	0.00	16.71	18.53	12.17	8.61	5.22	2.77
Total Fund return (net)	-2.26	-3.60	-1.71	9.00	17.06	18.54	13.28	8.05
Benchmark	-2.52	-2.78	-4.45	5.48	9.49	11.78	11.06	8.22
<b>Excess return</b>	<b>0.26</b>	<b>-0.82</b>	<b>2.74</b>	<b>3.52</b>	<b>7.57</b>	<b>6.76</b>	<b>2.22</b>	<b>-0.17</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.

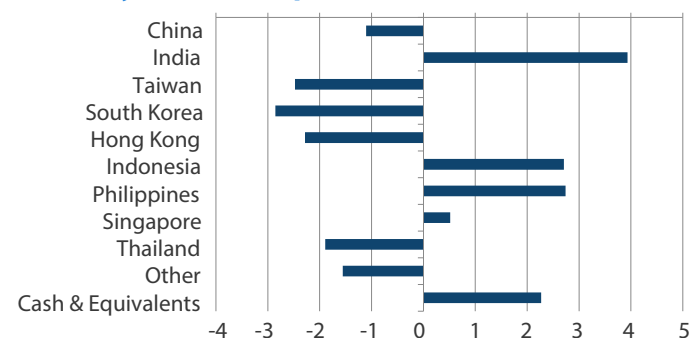
Key contributors to relative performance:

- At the country level, stocks in **Taiwan**, the **Philippines** and **Indonesia** contributed positively.
- By sector, holdings in **real estate** and **financials** contributed to performance.
- **Merdeka Copper** was among the most notable contributors, rallying 25% in October on the back of higher copper prices.
- **Geely Auto** also had a good month following the strong debut of its subsidiary, Volvo Cars, on the Stockholm bourse.

Key detractors from relative performance:

- At the country level, **South Korea** and **India** detracted from performance.
- By sector, holdings in **consumer discretionary** detracted from relative performance.
- **HutchMed China** detracted from performance following profit taking in the healthcare sector following strong gains recorded in September.

### Country Active Exposure (%)



### Country Exposure

Sector	Fund %	Index %	Relative %
China	38.50	39.61	-1.10
India	17.59	13.66	3.93
Taiwan	14.28	16.75	-2.48
South Korea	11.09	13.94	-2.85
Hong Kong	4.97	7.26	-2.28
Indonesia	4.37	1.66	2.71
Philippines	3.49	0.75	2.74
Singapore	3.44	2.92	0.51
Thailand	--	1.89	-1.89
Other	--	1.56	-1.56
Cash & Equivalents	2.27	--	2.27
Total	100.00	100.00	0.00

### Top 10 Holdings

Name	Fund %
Tencent Holdings Ltd	6.83
Samsung Electronics Co Ltd	6.14
Taiwan Semiconductor - SP ADR	5.36
AIA Group Ltd	4.97
Reliance Industries	4.13
Alibaba Group Holding	3.35
Indusind Bank Ltd	3.34
Sun Pharmaceutical Industries	2.92
Taiwan Semiconductor Manufacturing Co Ltd	2.71
Geely Automobile Holdings	2.62

### Market Commentary

Asian stocks rose in October in tandem with the US stock market, which reached new highs on the back of robust corporate earnings. Investor attention continued to be focused on rising inflationary pressures and the US Federal Reserve (Fed)'s tapering plans. For the month, the MSCI AC Asia ex Japan Index edged higher by 1.4% in US dollar (USD) terms. Indonesia and Singapore were the best performers, while South Korea and India were the only markets to post negative USD returns.

The ASEAN region outperformed in October. All markets saw positive returns, with Indonesia (8.3% in USD terms) and Singapore (4.2) gaining the most. The Indonesian finance ministry raised its 3Q21 GDP growth forecast to 4.5%, while the central bank extended policies to boost loan growth and consumption, seeking to bolster a recovery driven by commodity exports and border reopening. Reopening momentum also gathered pace in the rest of the region, with Singapore, Malaysia and Thailand expanding their vaccinated travel arrangements.

China (3.2%) and Hong Kong (1.3%) also ended the month higher, on expectations of Chinese policy loosening to combat an economic slowdown. China's GDP increased by 4.9% year-on-year (YoY) in 3Q21, its slowest pace of expansion in a year. The official manufacturing Purchasing Manager's Index (PMI) moderated to 49.2 in October from 49.6 in September, largely owing to the recent power shortages. A fresh COVID-19 outbreak and a sell-off in its property sector, fuelled by more Chinese real estate companies failing to make payments on their offshore bonds, weighed on sentiment toward month-end.

Elsewhere in North Asia, Taiwan edged higher by 0.6% in October. GDP grew by 3.8% YoY in 3Q21, with exports and private investment remaining healthy despite COVID-19 restrictions weighing on consumption. Towards the end of the month, shares of Apple suppliers Foxconn and Taiwan Semiconductor Manufacturing Company (TSMC) fell after Apple reported revenue that missed expectations. South Korea declined by 2.3% and was the worst-performing market in the region. Factory activity grew at its slowest pace in 13 months in October, as the global chip shortage and supply chain disruptions weighed on the sector.

India (-0.8%) also underperformed. The Reserve Bank of India's plan to drain liquidity from the banking system for longer periods weighed on investor sentiment. There were also concerns over a possible power crisis after coal supply at Indian utilities hit critically low levels. That said, India has reopened to tourists from mid-October after having administered over 1 billion doses of COVID-19 vaccines.

## Sector Exposure

Sector	Fund %	Benchmark %
Information Technology	26.45	23.35
Financials	19.70	18.92
Communication Services	13.87	10.57
Health Care	9.18	4.78
Consumer Discretionary	8.68	16.89
Industrials	5.45	5.97
Materials	5.23	5.24
Energy	4.13	2.97
Consumer Staples	2.05	4.89
Utilities	1.51	2.58
Real Estate	1.49	3.85
Cash & Equivalents	2.27	--
<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 19.77 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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