

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	-1.64	-2.46	-14.93	-2.63	7.75	7.30	8.21	5.47
Fund distribution return	0.00	0.00	17.43	19.95	12.50	8.40	5.22	2.79
Total Fund return (net)	-1.64	-2.46	2.49	17.32	20.25	15.70	13.43	8.25
Benchmark	-3.05	-5.77	-0.96	13.53	12.20	9.25	11.41	8.44
Excess return	1.41	3.31	3.45	3.79	8.05	6.45	2.02	-0.19

Source: BNP Paribas. Nikko AM Australia 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.

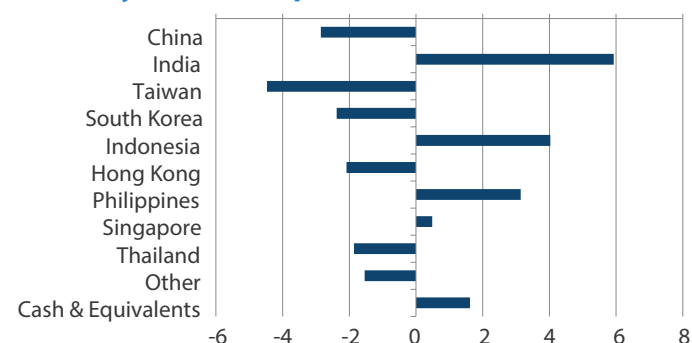
Key contributors to relative performance:

- At the country level, stocks in **India** and the **Philippines** contributed positively.
- By sector, holdings in **real estate** and **financials** contributed to performance.
- India's **Godrej Properties** advanced over 50% during the month and was the largest contributor to performance. September highlighted the stark contrast in fortunes of two countries' real estate sectors. Stocks in Chinese developers sold-off aggressively on deteriorating liquidity and sentiment brought on by the demise of China Evergrande. This contrasted with real estate stocks in India which saw strong buying interest on confirmation of pent-up demand resulting in exceptionally strong project launches.
- In the Philippines, new economy holdings **AC Energy** (renewables) and **Globe Telecom** (traditional telco with leading fintech platform) both continued to contribute to performance.

Key detractors from relative performance:

- By sector, holdings in **materials** and **health care** detracted from relative performance.
- At the country level, **China** detracted from performance.

Country Active Exposure (%)



Country Exposure

Sector	Fund %	Index %	Relative %
China	36.08	38.93	-2.85
India	19.89	13.96	5.93
Taiwan	12.39	16.86	-4.47
South Korea	12.07	14.45	-2.38
Indonesia	5.58	1.56	4.02
Hong Kong	5.17	7.26	-2.09
Philippines	3.87	0.74	3.14
Singapore	3.33	2.84	0.48
Thailand	--	1.86	-1.86
Other	--	1.54	-1.54
Cash & Equivalents	1.62	--	1.62
Total	100.00	100.00	0.00

Top 10 Holdings

Name	Fund %
Samsung Electronics Co Ltd	6.76
Tencent Holdings Ltd	6.65
AIA Group Ltd	5.17
Reliance Industries	4.20
Taiwan Semiconductor - SP ADR	3.82
Indusind Bank Ltd	3.34
Alibaba Group Holding	3.32
Sun Pharmaceutical Industries	3.08
Taiwan Semiconductor Manufacturing Co Ltd	2.71
China Construction Bank	2.48

Market Commentary

Asian stocks fell in September. Concerns about China's growth outlook were a key driver of sentiment, as the China Evergrande debt crisis and power outages across many of the country's manufacturing hubs dominated headlines over the month. Elsewhere, the US Federal Reserve (Fed) hinted that it could moderate its asset purchases as soon as November and stated that half its policymakers now expect an interest rate hike in 2022. For the month, the MSCI AC Asia ex Japan Index fell 4.0% in US dollar

(USD) terms. North Asia and Thailand were the biggest laggards, while Indonesia and India were the only markets to post positive USD returns in September.

China (-5.0% in USD terms), Hong Kong (-6.1%), South Korea (-6.6%) and Taiwan (-4.1%) all underperformed the regional index. News of real estate developer China Evergrande Group's inability to finance its obligations roiled global markets. With more than USD 300 billion worth of liabilities, there were concerns that an Evergrande default could have knock-on effects on China's property sector and financial system. China's ongoing power shortage, which weighed on September manufacturing activity, also dampened sentiment.

In Hong Kong, casino and gaming stocks weakened after Macau's surprise proposal for stricter controls on capital outflows and concern over HK developers being asked to perform national service. South Korea saw its biggest monthly decline since March 2020. Appearing to follow in China's footsteps, the country's lawmakers made moves to rein in internet firms with an antitrust probe against Kakao Corp and increased regulations for online platforms that advertise financial products.

Elsewhere, market sentiment in Taiwan was affected by the power rationing in some Chinese provinces where Taiwanese electronics and semiconductor companies have factories. That said, the central bank revised up Taiwan's 2021 growth outlook to 5.75% from its previous forecast of 5.08%, on the back of strong exports.

Conversely, India edged higher by 0.6% in USD terms, as the nation appeared to be emerging from its severe second wave of COVID-19. The federal cabinet also approved a relief package for the country's cash-strapped telecommunications sector, which will allow mobile carriers to delay payments on their debt obligations.

The ASEAN region saw mixed returns. Indonesia (3.4%) was the best performer in the region, buoyed by parliamentary approval of a USD 190 billion state budget and its exports reaching a record high of USD 21.42 billion in August. Singapore (-0.1%) and the Philippines (-1.9%) reimposed restrictions amid a spike in COVID-19 restrictions, while Malaysia (-3.7%) reached its target of fully vaccinating 80% of the adult population. Thailand (-7.1%) saw its stocks and currency weaken after it delayed plans to reopen its major cities to tourism, as its vaccination rates fell short of targets.

Sector Exposure

Sector	Fund %	Benchmark %
Information Technology	25.63	23.81
Financials	19.70	18.91
Communication Services	13.50	10.19
Health Care	11.95	5.19
Consumer Discretionary	8.02	15.85
Materials	5.23	5.41
Industrials	5.07	6.09
Energy	4.20	3.06
Utilities	1.89	2.64
Real Estate	1.79	3.88
Consumer Staples	1.41	4.96
Cash & Equivalents	1.62	--
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 20.23 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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