

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	0.27	-16.54	-15.10	-0.90	9.37	7.77	8.22	5.61
Fund distribution return	0.00	17.10	17.39	20.30	12.69	8.44	5.22	2.81
Total Fund return (net)	0.27	0.56	2.30	19.41	22.07	16.20	13.44	8.41
Benchmark	2.87	0.09	1.21	19.01	14.83	9.86	12.06	8.70
Excess return	-2.60	0.47	1.09	0.40	7.23	6.35	1.38	-0.29

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 underperformed the benchmark during the month in AUD terms.

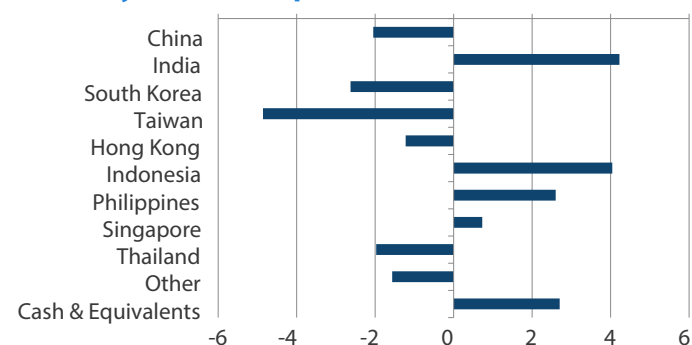
Key contributors to relative performance:

- At the country level, stocks in the **ASEAN** contributed positively.
- By sector, holdings in **communication services and utilities** contributed to performance.
- As investors shunned North Asian internet companies that are under regulatory pressure, ASEAN and Indian new economy companies continued to do well. These included: ASEAN e-commerce and fintech firm **SEA**, Filipino telco **Globe** with its strong and fast-growing fintech business, and Indian conglomerate **Reliance** with its ecosystem of new retail and digital economy businesses.

Key detractors from relative performance:

- By sector, holdings in **information technology** and **financials** detracted from relative performance.
- At the country level, **China** was the biggest detractor.
- Shares of blood plasma company **Hualan Biological** detracted from performance. The company posted weak results owing to an increase in research and development and management costs of its vaccine business.
- Sportswear company **Fila** also detracted, on slower growth in its golf business.

Country Active Exposure (%)



Country Exposure

Sector	Fund %	Index %	Relative %
China	36.94	38.99	-2.05
India	17.62	13.39	4.22
South Korea	12.30	14.93	-2.63
Taiwan	12.17	17.03	-4.86
Hong Kong	6.24	7.46	-1.22
Indonesia	5.45	1.41	4.04
Philippines	3.33	0.73	2.60
Singapore	3.24	2.51	0.73
Thailand	--	1.98	-1.98
Other	--	1.57	-1.57
Cash & Equivalents	2.70	--	2.70
Total	100.00	100.00	0.00

Top 10 Holdings

Name	Fund %
Samsung Electronics Co Ltd	6.93
Tencent Holdings Ltd	6.88
AIA Group Ltd	5.09
Alibaba Group Holding	4.30
Taiwan Semiconductor - SP ADR	3.87
Reliance Industries	3.45
Sun Pharmaceutical Industries	2.89
Taiwan Semiconductor Manufacturing Co Ltd	2.74
Geely Automobile Holdings	2.63
Indusind Bank Ltd	2.60

Market Commentary

Asian stocks rose in August. While concerns about the spread of the Delta variant weighed on markets at the beginning of the month, the US Federal Reserve (Fed)'s dovish commentary towards the month-end eased investor worries about any imminent rate hikes. A rebound in the battered Chinese technology (tech) sector further lifted sentiment towards the end of August.

For the month, the MSCI AC Asia ex Japan Index gained 2.3% in US dollar (USD) terms, with the ASEAN markets generally

outperforming their North Asian counterparts. Thailand, the Philippines and India were the best performers (as measured by the MSCI indices in USD terms), while South Korea and Singapore were the biggest laggards.

In the ASEAN region, Thailand (11.5% in USD terms), the Philippines (11.3%), Malaysia (8.4%) and Indonesia (7.9%) all rebounded from last month's weakness, with their governments easing movement restrictions on the back of lower COVID-19 caseloads and death rates. Conversely, despite encouraging Q2 GDP growth of 14.7% year-on-year (YoY) and having crossed the milestone of 80% of its population fully vaccinated against COVID-19, Singapore (-1.2%) was the only market to post a negative return, driven by profit-taking in its banking stocks.

India saw a solid gain of 10.9% in August, as its economic activity picked up alongside a gradual easing of COVID-related restrictions. Its GDP growth for the June quarter rose by a record 20.1% YoY, owing to a weak base last year and improved farm output and industrial activity. Prime Minister Narendra Modi pledged to spend 100 trillion rupees on a national infrastructure plan aimed at increasing productivity and creating jobs.

Elsewhere, North Asia had a muted month. Taiwan (4.5%) was the only market with a positive return in August. Despite index provider MSCI's decision to lower Taiwan's weighting in two of its major indices effective August 31, gains were led by large cap stocks such as chipmaker Taiwan Semiconductor Manufacturing Co (TSMC) as concerns eased over US Fed rate hikes. China (0.0%) and Hong Kong (-0.7%) saw broadly flat returns, as worries about China's slowing economic growth and uncertain regulatory environment weighed on sentiment. Meanwhile, there was some respite after the Chinese central bank made its biggest weekly cash injection into the banking system in the month, while local authorities also urged more financial support for retail and trading firms.

South Korea, which was the worst performer in the region, declined by 1.6% in USD terms in August. Its stock market and currency weakened after it became the first Asian economy to raise interest rates since the start of the COVID-19 crisis. The central bank raised its policy rate by 25 basis points (bps) to 0.75% from a record low of 0.5%, in an attempt to curb rising household debt and inflation.

Sector Exposure

Sector	Fund %	Benchmark %
Information Technology	27.36	24.30
Financials	18.02	18.62
Communication Services	13.41	10.27
Health Care	11.68	5.00
Consumer Discretionary	9.24	16.51
Materials	5.24	5.33
Industrials	5.10	6.25
Energy	3.45	2.76
Utilities	1.57	2.56
Real Estate	1.23	3.61
Consumer Staples	1.00	4.80
Cash & Equivalents	2.70	--
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	Buy/Sell Spread 0.25/0.25
APIR Code TGP0006AU	Asset Allocation Asian securities (ex Japan)* 80 – 100
ARSN 116 556 113	Cash & short-term securities** 0 – 20
Fund Size AUD 21.03 million	Distribution Frequency Annually
Minimum Investment AUD 10,000	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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