

# 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	1.67	1.73	9.37	32.20	22.94	12.51	13.47	6.94
Fund distribution return	0.00	0.00	0.00	4.46	2.47	1.65	1.42	1.58
Total Fund return (net)	1.67	1.73	9.37	36.67	25.41	14.16	14.89	8.52
Benchmark	1.01	1.12	8.30	29.94	16.46	9.61	13.62	8.84
<b>Excess return</b>	<b>0.66</b>	<b>0.61</b>	<b>1.07</b>	<b>6.73</b>	<b>8.95</b>	<b>4.56</b>	<b>1.27</b>	<b>-0.33</b>

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.

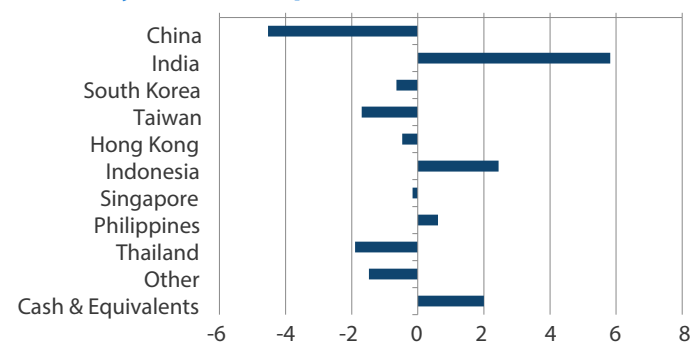
Key contributors to relative performance:

- At the country level, positions in **Taiwan** and **China** contributed positively.
- By sector, holdings in **information technology** and **health care** contributed to performance.
- **iFlytek**, a leading audio artificial intelligence software provider, finished up 24% on further evidence that the company's products are penetrating key growth markets in education and healthcare.
- **Sinopharm**, China's leading pharmaceutical and medical products distributor, continued to gain following strong 1Q21 results. The World Health Organization's approval of one of Sinopharm's COVID-19 vaccines for emergency use and optimism surrounding vaccine distribution and new business growth also lifted the stock.
- Taiwan stocks, **Parade Technology** and **Silergy** performed well against a backdrop of heavy selling pressure.

Key detractors from relative performance:

- By sector, holdings in **communication services** detracted the most from relative performance.
- At the country level, **Hong Kong** and **Korea** were the biggest detractors.
- A few year-to-date outperformers gave back some of their gains, including **ASM Pacific** and **Korea Investment Holdings**.

### Country Active Exposure (%)



### Country Exposure

Sector	Fund %	Index %	Relative %
China	38.22	42.75	-4.53
India	17.15	11.33	5.82
South Korea	14.18	14.82	-0.64
Taiwan	14.08	15.78	-1.70
Hong Kong	7.00	7.47	-0.47
Indonesia	3.79	1.35	2.45
Singapore	2.29	2.45	-0.16
Philippines	1.29	0.68	0.61
Thailand	--	1.90	-1.90
Other	--	1.48	-1.48
Cash & Equivalents	2.00	--	2.00
Total	100.00	100.00	0.00

### Top 10 Holdings

Name	Fund %
Tencent Holdings Ltd	7.36
Samsung Electronics Co Ltd	7.35
Alibaba Group Holding	5.21
AIA Group Ltd	4.92
Ping An Insurance	3.61
Taiwan Semiconductor - SP ADR	3.48
Sinopharm Group Co	3.30
Reliance Industries	3.18
Taiwan Semiconductor Manufacturing Co Ltd	3.07
iFLYTEK	2.95

### Market Commentary

Supported by optimism about the region's ongoing economic recovery, Asian stocks delivered decent gains in May, shrugging off concerns about a spike in COVID-19 cases in several Asian countries and the persistent worries about inflation. For the month, the MSCI AC Asia ex Japan Index rose 1.2% in US dollar (USD) terms. Within the region, India, the Philippines and Hong Kong were the best performers (as measured by the MSCI indices in USD terms), while Malaysia, Taiwan and Thailand were the worst performers.

In India, stocks jumped 8.7% in USD terms in May as daily COVID-19 cases began to fall during the month, and some states, including Delhi, started easing lockdown restrictions. Fresh series of measures to support individuals and small- and mid-size enterprises rolled out by the Reserve Bank of India also boosted Indian stocks.

In North Asia, stocks in Hong Kong and China turned in USD gains of 1.3% and 0.8% respectively in May. Hong Kong stocks gained on easing worries over inflation as Beijing vowed to curb significant prices gains in the commodities market. During the month, soft domestic factory activity in China eased worries over policy tightening, while a stronger yuan boosted foreign inflows.

Notwithstanding the underperformance of index-heavyweight Samsung Electronics, South Korean stocks managed to stay afloat in May with marginal gains of 0.4% in USD terms. The Bank of Korea kept monetary policy unchanged in May but hinted that it is preparing for an orderly exit from record-low level of interest rates amid the economic recovery in the country.

In Taiwan, stocks fell 1.2% in USD terms for the month, owing to a surge in domestic COVID-19 cases in the country. The tightening of COVID-19 control measures in Taipei and several other neighbouring cities, and the underperformance of global technology (tech) stocks also weighed down Taiwanese stocks in May.

In the ASEAN region, stocks saw mixed returns for the month. The Philippines and Indonesia were the best performing markets, with respective USD gains of 5.6% and 1.3%, while Malaysia, Thailand, and Singapore lagged with respective returns of -1.9%, -0.6% and -0.1% in USD terms. During the month, Philippine stocks rebounded strongly from April's weakness while the Philippine Peso strengthened after exports expanded at the fastest pace in more than 10 years in March, driven by strong demand from major trading partners. At the other end, Malaysian stocks fell, and the ringgit weakened after the Malaysian government announced a two-week nationwide lockdown until 14 June to curb a surge in new COVID-19 cases.

## Sector Exposure

Sector	Fund %	Benchmark %
Information Technology	28.97	23.07
Financials	23.03	18.28
Communication Services	11.99	11.31
Health Care	11.59	5.25
Consumer Discretionary	6.75	17.55
Industrials	4.18	5.81
Materials	3.59	4.88
Energy	3.18	2.58
Consumer Staples	2.39	4.91
Utilities	1.29	2.34
Real Estate	1.04	4.01
Cash & Equivalents	2.00	--
<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>	<b>Buy/Sell Spread</b>
Nikko Asset Management Australia Limited	0.25/0.25
<b>APIR Code</b>	<b>Asset Allocation</b>
TGP0006AU	Asian securities (ex Japan)*
<b>ARSN</b>	80 – 100
116 556 113	Cash & short-term securities** 0 – 20
<b>Fund Size</b>	<b>Distribution Frequency</b>
AUD 21.83 million	Annually
<b>Minimum Investment</b>	<b>Benchmark</b>
AUD 10,000	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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