

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	-15.84	-12.79	-11.49	6.98	10.07	7.89	9.88	5.73
Fund distribution return	17.24	17.87	18.13	21.92	12.77	8.45	5.39	2.84
Total Fund return (net)	1.40	5.08	6.64	28.90	22.84	16.34	15.27	8.57
Benchmark	2.98	5.11	9.36	28.07	15.21	11.63	14.32	9.00
Excess return	-1.58	-0.03	-2.73	0.83	7.63	4.72	0.95	-0.43

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.

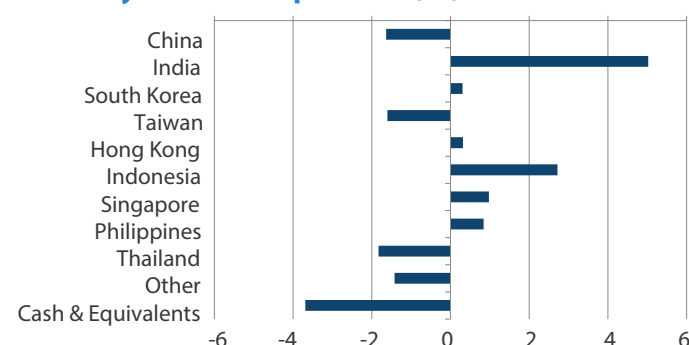
Key contributors to relative performance:

- At the country level, positions in the **Philippines** and **Hong Kong** contributed positively.
- By sector, holdings in **materials** and **utilities** contributed to performance.
- Oncology-focused biotech company **Hutchmed China** contributed to performance after one of its drugs, Savolitinib was approved in China for the treatment of chemo-intolerant NSCLC (non-small-cell lung carcinoma) patients.
- Chinese auto original equipment manufacturer, **Geely**, also outperformed following the roll-out of its new Zeekr brand, alongside a slight easing of concerns about chip shortages in the auto industry.

Key detractors from relative performance:

- By sector, holdings in **financials**, **health care** and **communication services** detracted from performance.
- At the country level, **China** and **South Korea** were the biggest detractors.
- **Sinopharm**, China's leading pharmaceutical and medical products distributor, detracted from performance having retraced some of its gains from previous months.
- Chinese insurer, **Ping An**, also had a tepid month as premium growth remained elusive across the life insurance sector, with no signs yet of a post-COVID recovery.

Country Active Exposure (%)



Country Exposure

Sector	Fund %	Index %	Relative %
China	41.15	42.79	-1.64
India	16.32	11.29	5.03
South Korea	15.38	15.08	0.30
Taiwan	14.31	15.91	-1.60
Hong Kong	7.64	7.32	0.32
Indonesia	3.98	1.26	2.72
Singapore	3.37	2.40	0.98
Philippines	1.54	0.70	0.84
Thailand	--	1.83	-1.83
Other	--	1.42	-1.42
Cash & Equivalents	-3.69	--	-3.69
Total	100.00	100.00	0.00

Top 10 Holdings

Name	Fund %
Samsung Electronics Co Ltd	8.03
Tencent Holdings Ltd	7.88
Alibaba Group Holding	5.82
AIA Group Ltd	5.35
Taiwan Semiconductor - SP ADR	3.82
Ping An Insurance	3.48
Reliance Industries	3.26
Taiwan Semiconductor Manufacturing Co Ltd	3.25
iFlytek	3.05
Indusind Bank Ltd	2.69

Market Commentary

Asian stocks turned in marginal losses in June, partly weighed down by growing concerns about the highly infectious Delta variant, which has caused a recent spike in COVID-19 cases in the region. Lingering worries about rising inflation and fears of a faster-than-expected tapering of the US Federal Reserve's quantitative easing programme also dampened sentiment. The MSCI AC Asia ex Japan Index fell 0.1% in US dollar (USD) terms. Within the region, the Philippines, South Korea and Taiwan were the best performers

(as measured by the MSCI indices in USD terms), while Indonesia, Malaysia and Thailand were the worst performers.

Recent strong performance of global technology (tech) stocks and robust export numbers supported the tech- and export-centric markets of South Korea and Taiwan, which rose 1.4% and 0.6% respectively in USD in June. Exports from South Korea and Taiwan (in USD terms) expanded 45.6% and 38.6% year on year (YoY) respectively in May, buoyed by strong demand for semiconductors and electronics equipment. In other developments, the Bank of Korea said in June that it is preparing to raise interest rates this year, owing to a faster-than-expected recovery in the South Korean economy.

In China, stocks managed to eke out USD gains of 0.1% in June, despite persistent worries over policy tightening by the Chinese central bank. During the month, Beijing imposed stronger regulations on the private tutoring sector and further tightened its grip on cryptocurrency trading, while China's official June manufacturing Purchasing Manager's Index (PMI) eased slightly to 50.9 versus 51.0 in May. In Hong Kong, stocks fell 1.8% in USD term for the month as energy and IT stocks retreated, owing to subdued Chinese factory activity data.

Down south, Indian stocks retreated 0.7% in USD terms for the month, which saw an easing of lockdown restrictions in the country as COVID-19 cases stabilised. The Reserve Bank of India maintained its repo rate at 4% and warned that high energy prices could stoke inflation while cutting the growth forecast to 9.5% from 10.5% for the current fiscal year beginning April.

In the ASEAN region, the Philippines (2.0% in USD terms) was the only market with positive returns in June, while Indonesia (-6.1%), Malaysia (-3.9%), Thailand (-3.4%) and Singapore (-2.6%) all turned in hefty losses relative to their North Asian peers, owing to spikes in COVID-19 infections in the South East Asia region. In the Philippines, stocks hit their highest level in over four months as unemployment in the country fell from 8.7% in April to an estimated 7.7% in May as its economy slowly reopened. Elsewhere, Indonesia and Thailand announced new social restrictions in a bid to tackle rising domestic coronavirus infections, while Malaysia extended its lockdown indefinitely until daily reported cases fall below 4,000.

Sector Exposure

Sector	Fund %	Benchmark %
Information Technology	32.31	23.17
Financials	21.95	17.58
Communication Services	14.12	11.22
Health Care	11.71	5.34
Consumer Discretionary	8.50	18.46
Industrials	4.36	6.04
Materials	3.73	4.77
Energy	3.26	2.55
Utilities	1.54	2.26
Real Estate	1.11	3.85
Consumer Staples	1.10	4.76
Cash & Equivalents	-3.69	--
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	Buy/Sell Spread
Nikko Asset Management Australia Limited	0.25/0.25
APIR Code	Asset Allocation
TGP0006AU	Asian securities (ex Japan)*
ARSN	80 – 100
116 556 113	Cash & short-term securities** 0 – 20
Fund Size	Distribution Frequency
AUD 20.98 million	Annually
Minimum Investment	Benchmark
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.

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