

# 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	-1.10	-15.38	-16.11	-0.50	9.50	8.06	9.17	5.62
Fund distribution return	0.00	17.34	17.19	20.38	12.71	8.46	5.36	2.82
Total Fund return (net)	-1.10	1.96	1.07	19.89	22.21	16.52	14.53	8.44
Benchmark	-5.52	-1.72	-1.29	16.16	11.98	9.45	12.42	8.55
<b>Excess return</b>	<b>4.42</b>	<b>3.68</b>	<b>2.36</b>	<b>3.73</b>	<b>10.23</b>	<b>7.07</b>	<b>2.11</b>	<b>-0.11</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.

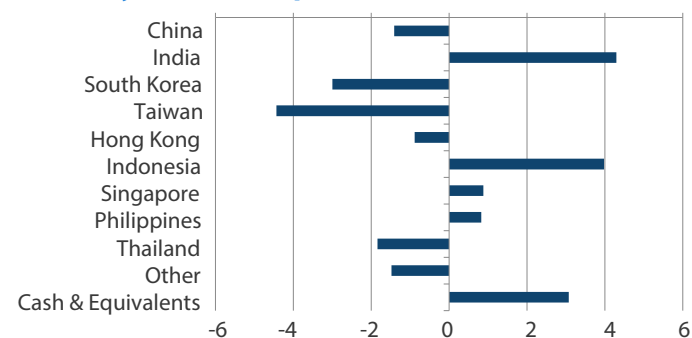
Key contributors to relative performance:

- At the country level, positions in **China** and **India** contributed positively.
- By sector, holdings in **consumer discretionary** and **industrials** contributed to performance.
- Chinese smart grid equipment maker **NARI Technology** benefited from higher grid spending, as well as comments from government bodies suggesting a focus on making China's power grid more "intelligent".
- **Geely** contributed strongly as the stock rallied on strong results at Volvo, as well as the set-up of joint ventures to make lithium batteries.
- **Mahindra Logistics** benefited from decent operating performance in a tough environment, as well as the addition of new clients in the logistics business.

Key detractors from relative performance:

- By sector, holdings in **financials** detracted slightly from relative performance.
- At the country level, **Hong Kong** was the biggest detractor.
- **Baidu Inc** dragged on returns, following China's heavy-handed regulation which affected after-school tutoring businesses. Larger concerns on the risk premium underlying Chinese technology companies also weighed on performance.

### Country Active Exposure (%)



### Country Exposure

Sector	Fund %	Index %	Relative %
China	38.41	39.82	-1.41
India	16.63	12.34	4.30
South Korea	12.44	15.44	-3.00
Taiwan	12.31	16.74	-4.44
Hong Kong	6.81	7.70	-0.89
Indonesia	5.31	1.34	3.98
Singapore	3.51	2.63	0.88
Philippines	1.50	0.67	0.83
Thailand	--	1.84	-1.84
Other	--	1.48	-1.48
Cash & Equivalents	3.07	--	3.07
Total	100.00	100.00	0.00

### Top 10 Holdings

Name	Fund %
Samsung Electronics Co Ltd	7.01
Tencent Holdings Ltd	6.33
AIA Group Ltd	5.09
Alibaba Group Holding	4.91
Taiwan Semiconductor - SP ADR	3.79
Reliance Industries	3.05
Ping An Insurance	2.99
Geely Automobile Holdings	2.78
Ping An Insurance	2.99
VenusTech Group	2.66

### Market Commentary

Asian stocks suffered heavy losses in July, weighed down by the brutal sell-off in Chinese equities amid Beijing's regulatory crackdown on the private tutoring and technology-related sectors. A resurgence of COVID-19 cases across the region due to the highly infectious Delta variant and lingering concern about inflation also dampened sentiment for Asian stocks. In July, the MSCI AC Asia ex Japan Index fell 7.5% in US dollar (USD) terms. Within the region, China, the Philippines and Thailand were the worst performers (as

measured by the MSCI indices in USD terms), while Singapore and India were the most resilient markets.

In China, stocks nosedived 13.8% in USD terms in July, triggered by growing fears over Chinese government’s regulations in the education, property and technology (tech) sectors. During the month, China published rules to ban for-profit tutoring in core school subjects. The new regulation caused many Chinese education-related stocks to slump significantly. Adding to more market uncertainties following a cybersecurity investigation into recently listed ride-hailing giant Didi, Beijing also announced that it will step up supervision of Chinese firms listed offshore.

It was a sea of red across other North Asian markets, which were also negatively impacted by China’s tightened regulatory framework. In South Korea, Hong Kong and Taiwan, stocks fell 5.7%, 2.9% and 2.2% respectively in USD terms for the month. The stock markets of South Korea and Taiwan were also weighed down by a rebound in COVID-19 cases attributable to the highly infectious Delta variant.

In the ASEAN region, the Philippines (-11.7% in USD terms), Thailand (-6.9%) and Malaysia (-4.0%) were the hardest hit. Philippines stocks plummeted after rating agency Fitch downgraded the country’s outlook from stable to negative, while Thai equities sank following record COVID-19 infections and deaths in the kingdom, mostly driven by the highly transmissible Delta variant. Likewise, Malaysian stocks tumbled amid escalating COVID-19 cases, exacerbated by political upheaval (again) as Malaysian opposition leader Anwar Ibrahim filed a motion of no confidence and the United Malays National Organisation called for Prime Minister Muhyiddin Yassin to resign. But it wasn’t all doom and gloom in the ASEAN as Singapore (1.3%) and Indonesia (-2.0%) managed to outperform their regional peers in July. Singapore’s stock market was supported by robust manufacturing numbers and better-than-expected economic growth, which surged 14.3% year on year in the second quarter.

India’s market was also resilient in July, with stocks climbing 0.9% in USD terms. The Reserve Bank of India upgraded India’s GDP growth forecast for FY22 to 10.5% (from 9.5%), even as the country stepped up vaccinations against COVID-19, marking the best month for its inoculation programme so far. IPO momentum also accelerated in India in July, with the debut of Zomato (food delivery start-up) and a host of listings expected from other tech companies.

## Sector Exposure

Sector	Fund %	Benchmark %
Information Technology	28.64	24.23
Financials	19.36	18.29
Health Care	11.31	5.18
Communication Services	10.90	10.48
Consumer Discretionary	8.86	17.04
Industrials	5.40	6.07
Materials	5.39	5.31
Energy	3.05	2.57
Utilities	1.50	2.46
Real Estate	1.30	3.70
Consumer Staples	1.22	4.68
Cash & Equivalents	3.07	--
<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 20.93 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

### Nikko Asset Management Australia Limited

Level 26, One International Towers Sydney  
 100 Barangaroo Avenue, Barangaroo NSW 2000, Australia  
 Phone: 1800 251 589  
 Fax: +61 2 8072 6304  
 Email: sales.au@nikkoam.com

### Important Information

This material was prepared and issued by Nikko Asset Management Australia Limited ABN 34 002 542 038, AFSL 229664 (Nikko AM Australia) who is the responsible entity and issuer of units in the Nikko AM New Asia Fund ARSN 116 556 113 (Fund). Effective 12 April 2021, Nikko AM Australia became part of the Yarra Capital Management Group. The information contained in this material is of a general nature only and is not personal advice. It does not take into account the objectives, financial situation or needs of any individual. Investors should consult a financial adviser as well as the information contained in the Fund’s current Product Disclosure Statement (PDS) and the ‘Additional Information to the PDS’ which are available at [www.nikkoam.com.au/pds](http://www.nikkoam.com.au/pds) before deciding to invest in the Fund. Applications will only be accepted if made on a current application form. An investment in the Fund is not a bank deposit and distributions and the return of capital are not guaranteed. Past performance is not an indicator of future performance. Any references to particular securities or sectors are for illustrative purposes only and are as at the date of publication of this material. This is not a recommendation in relation to any named securities or sectors and no warranty or guarantee is provided that the positions will remain within the portfolio of the Fund.