

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	4.00	12.78	20.88	24.22	23.56	11.30	11.54	6.78
Fund distribution return	0.00	0.00	0.00	4.19	2.48	1.63	1.39	1.62
Total Fund return (net)	4.00	12.78	20.88	28.41	26.05	12.93	12.93	8.40
Benchmark	1.98	10.16	17.10	13.89	16.10	8.64	12.25	8.66
Excess return	2.02	2.62	3.78	14.52	9.95	4.29	0.68	-0.26

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.

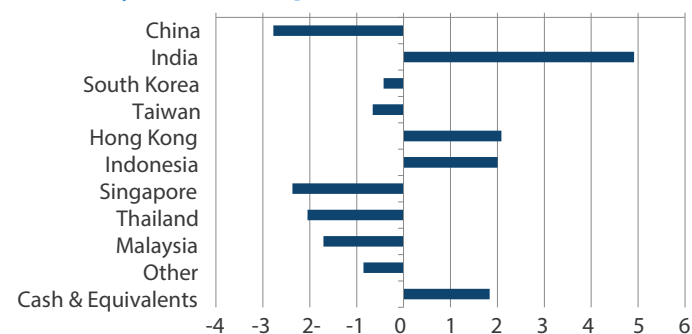
Key contributors to relative performance:

- Stock selection in **consumer discretionary, financials and information technology**, especially in north Asia contributed outperformance.
- The largest contributor was **Geely**, as the Chinese automaker with a technological edge in electric vehicle (EV) reported strong sales in its premium Lynk & Co brand. There were also reports of the company's plan to restart its negotiation with Volvo on merging the two companies after Geely completes its listing in China in 2021.
- Chinese EV capital equipment company **Wuxi Lead Intelligent Equipment** was also a strong performer, as its main client Contemporary Amperex Technology Co. Limited, announced upward revisions to its capex plans.

Key detractors from relative performance:

- Holdings in **consumer staples and industrials** also detracted. Not holding some large **information technology**-related benchmark stocks also detracted.
- Not owning big benchmark stocks like **Baidu, Pinduoduo** and **Xiaomi** detracted slightly from performance as these names performed well.
- Reopening-themed stocks such as **Shanghai International Airport**, also gave back some gains from a strong November.

Country Active Exposure (%)



Country Exposure

Sector	Fund %	Index %	Relative %
China	41.35	44.12	-2.78
India	15.35	10.44	4.92
South Korea	14.77	15.19	-0.43
Taiwan	13.73	14.39	-0.66
Hong Kong	9.45	7.36	2.09
Indonesia	3.51	1.51	2.00
Singapore	--	2.37	-2.37
Thailand	--	2.05	-2.05
Malaysia	--	1.71	-1.71
Other	--	0.85	-0.85
Cash & Equivalents	1.83	--	1.83
Total	100.00	100.00	0.00

Top 10 Holdings

Name	Fund %
Tencent Holdings Ltd	7.23
Samsung Electronics Co Ltd	7.10
AIA Group Ltd	5.77
Alibaba Group Holding	5.32
Ping An Insurance	4.38
Geely Automobile Holdings	4.05
Taiwan Semiconductor Manufacturing Co Ltd	3.98
Taiwan Semiconductor - SP ADR	2.93
Bandhan Bank	2.33
Maruti Suzuki India Ltd	2.19

Market Commentary

Asian stocks ended the year strongly after turning in solid gains in December. During the month, market sentiment continued to be boosted by optimism about a vaccine-led global economic rebound, as several countries around the world started to roll out mass vaccination against COVID-19. Fresh US fiscal stimulus and robust economic data from China also cheered investors into year-end.

For the month, the MSCI AC Asia ex Japan Index surged 6.80% in US dollar (USD) terms, outperforming the MSCI AC World Index, which rose 4.2%. Within the region, South Korea, Taiwan and India were the best performers in USD terms (as measured by the MSCI indices), while Singapore, China and Thailand were the laggards.

In South Korea, stocks jumped 16.6% in USD terms in December, driven by the strong performance of index heavyweight Samsung Electronics, as investors bet on a swifter economic recovery in the country. South Korea's December exports expanded at their fastest pace in 26 months, owing to strong global demand for chips, display sets and mobile devices.

Likewise, Taiwanese stocks did well for the month, rising 10.5% in USD terms, led by giant chipmaker Taiwan Semiconductor Manufacturing Company and other semiconductor names. Taiwan's Manufacturing Purchasing Managers Index (PMI) rose for the sixth straight month in December, recording its strongest reading since January 2011.

In India, stocks turned in USD gains of 10.2% in December, as signs of economic recovery and positive developments on the COVID-19 vaccine front continued to support the market. India's Manufacturing PMI rose slightly to 56.4 in December from November's 56.3. During the month, Moody's raised India's economic growth forecast for 2021 from 8.1% to 8.6%.

In the ASEAN region, all equity markets turned in positive returns in December. Indonesia, the Philippines and Malaysia saw decent USD gains of 5.6%, 5.2% and 4.1% respectively for the month, while Thailand and Singapore delivered dreary USD returns of 2.9% and 2.7% respectively. In Indonesia, the government expects GDP to grow between 4.4% and 6.1% in 2021, largely driven by an expected recovery in consumer spending after vaccines become widely available and fiscal stimulus packages take effect. Elsewhere, Singapore's economy, according to preliminary data, shrank by a record 5.8% in 2020 and 3.8% in the fourth quarter from a year earlier, surpassing consensus expectations.

In China, stocks lagged their regional peers and returned 2.8% in USD terms in December; gains were dragged by technology (tech) shares after Beijing launched an anti-trust probe into Jack Ma's Alibaba Group. There was also signs of tension between the US and China throughout the month, with America set to add dozens of Chinese companies to a trade blacklist. In Hong Kong, stocks tracked the regional upswing and delivered USD gains of 5.1% for the month.

Sector Exposure

Sector	Fund %	Benchmark %
Information Technology	27.52	23.07
Financials	23.79	17.90
Consumer Discretionary	13.24	19.08
Health Care	10.90	5.03
Communication Services	9.94	11.54
Industrials	3.95	5.26
Materials	3.38	4.31
Consumer Staples	3.27	4.97
Energy	2.18	2.76
Real Estate	--	3.88
Utilities	--	2.20
Cash & Equivalents	1.83	--
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 20.87 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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