

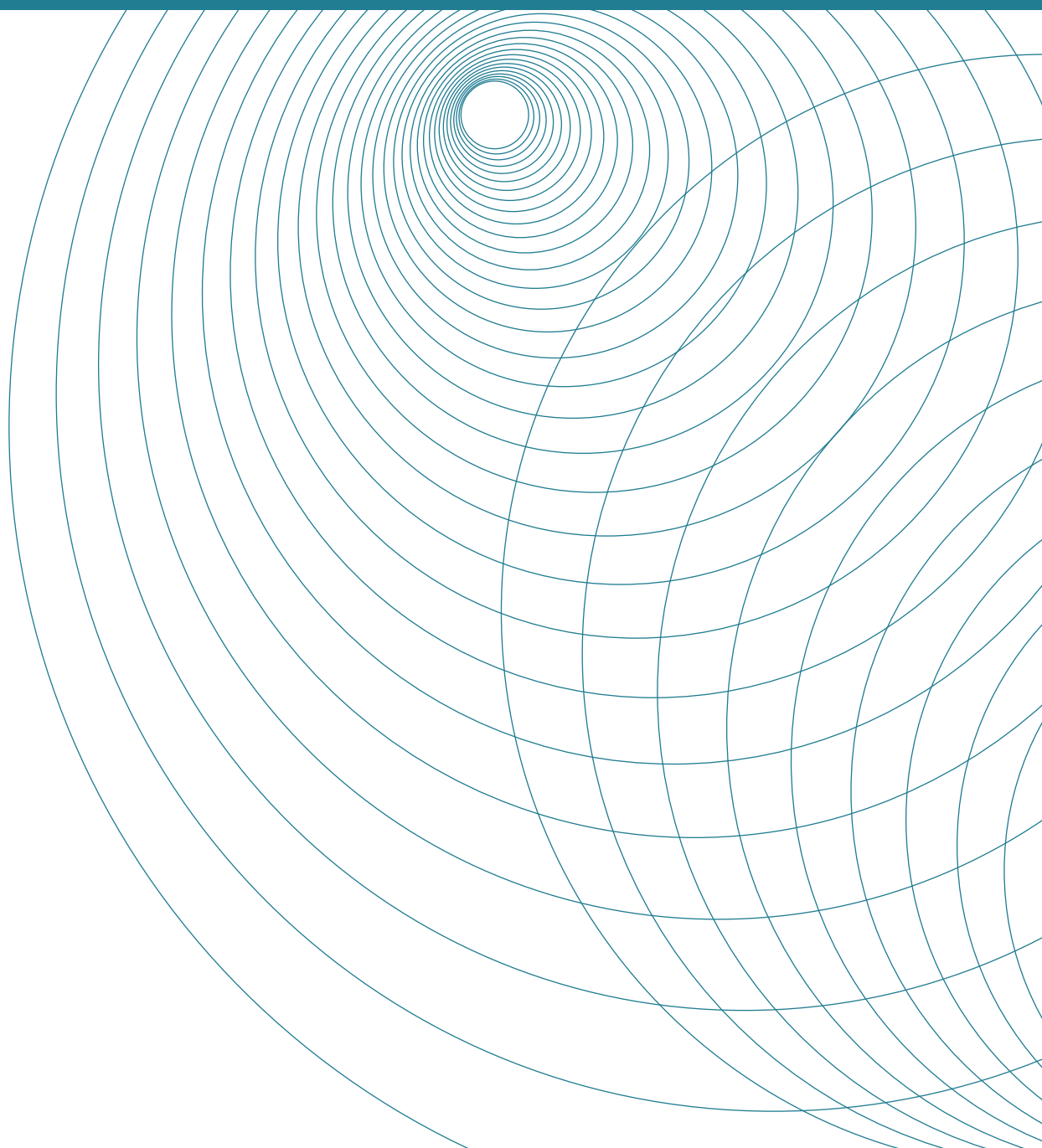
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# **ANNUAL REPORT**

## **Nikko AM Japan Dividend Equity Fund**

**Financial year ended 31 December 2023**

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**MANAGERS**

Nikko Asset Management Asia Limited  
12 Marina View, #18-02, Asia Square Tower 2,  
Singapore 018961  
Company Registration No. 198202562H

**DIRECTORS OF THE MANAGERS**

Seet Oon Hui Eleanor  
Yutaka Nishida  
Hiroshi Yoh  
Allen Yan

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**AUDITORS**

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**CUSTODIAN**

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This report is also available on our website ([www.nikkoam.com.sg](http://www.nikkoam.com.sg))

## PERFORMANCE SUMMARY

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Japan Dividend Equity Fund - SGD Hedged Class <sup>1</sup>	1.09	7.36	36.58	17.32	13.60	10.40	10.68

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Japan Dividend Equity Fund - SGD Hedged Class <sup>1</sup>	-3.97	1.99	29.75	15.33	12.44	9.83	10.14

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Japan Dividend Equity Fund - USD Hedged Class <sup>1</sup>	1.75	8.37	36.72	17.62	14.17	10.68	10.98

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, USD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Japan Dividend Equity Fund - USD Hedged Class <sup>1</sup>	-3.33	2.96	29.88	15.63	13.00	10.12	10.44

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, USD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

**Inception date: 1 July 2013**

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Japan Dividend Equity Fund - SGD Class	2.47	5.41	21.36	3.67	5.78	N/A	5.92

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Japan Dividend Equity Fund - SGD Class	-2.65	0.14	15.29	1.91	4.70	N/A	5.22

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

#### **Inception date: 1 April 2016**

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Japan Dividend Equity Fund - SGD Hedged Class B	1.35	7.81	29.40	15.77	N/A	N/A	11.81

Source: Nikko Asset Management Asia Limited, returns as 31 December 2023. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Japan Dividend Equity Fund - SGD Hedged Class B	-3.72	2.42	22.93	13.80	N/A	N/A	10.60

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

#### **Inception date: 17 April 2019**

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Japan Dividend Equity Fund - JPY Class	0.17	5.46	31.73	N/A	N/A	N/A	22.02

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, JPY, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Japan Dividend Equity Fund - JPY Class	-4.84	0.18	25.15	N/A	N/A	N/A	17.30

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, JPY, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

#### **Inception date: 13 September 2022**

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Japan Dividend Equity Fund - SGD Class B	2.64	5.72	N/A	N/A	N/A	N/A	17.17

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Japan Dividend Equity Fund - SGD Class B	-2.49	0.44	N/A	N/A	N/A	N/A	11.31

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

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<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Japan Dividend Equity Fund - USD Class	6.01	8.15	N/A	N/A	N/A	N/A	16.54

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, USD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
Nikko AM Japan Dividend Equity Fund - USD Class	0.71	2.74	N/A	N/A	N/A	N/A	10.71

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2023. Returns are calculated on a NAV-NAV basis, USD, and based on the assumption that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

**Inception date: 26 January 2023**

**Note:**

- (1) The investment objective of the Fund is to provide a total return of capital growth and income over the medium to long term by investing in equity investments listed and traded on the Tokyo Stock Exchange. The currency exposures of the "SGD Hedged Share Class" and the "USD Hedged Share Class" are hedged from the Fund's base currency – JPY to the share classes' currencies – SGD and USD respectively, to remove the currency conversion risk from the Fund's base currency to the respective share classes' currencies.
- (2) With effect from 1 June 2017, the benchmark has been removed and there will no longer be any benchmark for the Fund. This is because pursuant to the investment objective of the Fund, the Fund is managed on a total return basis and as such, it does not seek to outperform any benchmark. Prior to 1 June 2017, the benchmark against which the Fund's performance is measured is the TOPIX Total Return Index.
- (3) Nikko AM Japan Dividend Equity Fund - USD Hedged Class B was fully redeemed on 28 September 2022.

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## **Portfolio Review and Activity**

### ***Fund surged in 2023***

The Nikko AM Japan Dividend Equity Fund (SGD Hedged Class) (the “Fund”) returned 36.58% (in SGD terms, on a NAV-NAV basis) in the twelve months to 31 December 2023 and has returned 10.68% (annualised) since its inception on 1 July 2013. The portfolio outperformed the TOPIX for nine months of the year, supported overall by the market’s preference for high dividend names as well as stocks with low price-to-book multiples which are expected to make improvements in line with the Tokyo Stock Exchange’s recommendations. The month with the highest outperformance was August, when several of our holdings made large positive contributions to portfolio performance as their share prices rose following the release of strong fiscal first-quarter earnings, and at the same time large-cap stocks, especially in the high-tech sector, underwent correction while small and mid-caps performed well, which acted as a tailwind for our investment strategy. In contrast, the portfolio underperformed the TOPIX for three months during the year, with November the low point when amid the market rally, our investment strategy underperformed due to its low beta and low volatility characteristics as well as the fact that many high dividend stocks which had continued to see gains until recently came under profit-taking selling pressure following the decline in US interest rates.

Stocks that made large positive contributions on an absolute return basis during the period were primarily those which announced strong earnings and/or higher shareholder returns such as semiconductor-focused trading house Macnica Holdings, construction materials manufacturer Sanwa Holdings and Toyota-affiliated trading company Toyota Tsusho. Major automakers Honda Motor and Toyota Motor also contributed positively as they rose on expectations for strong earnings due in part to the weak yen.

In contrast, negative contributors included stocks whose earnings momentum was thought to be lagging, such as IT services provider Net One Systems, drug makers Astellas Pharma and Takeda Pharmaceutical, major bank Resona Holdings and staffing and HR services company Persol Holdings.

We maintained the portfolio’s stock weighting during the period at around 97–99%. As of the end of December, the portfolio consisted of 53 issues.

## **Market Review**

### ***Japanese equity market rallies in 2023***

The Japanese equity market rallied in calendar year 2023, supported by the weak yen, rising expectations for the Japanese economy to exit deflation and the positive effects of the Tokyo Stock Exchange’s request that companies whose stocks are trading below book value make moves to improve corporate management. Equities moved upward every month of the year except October and December. October was the only significant dip, when stocks were weighed down by an outlook for the continuation of US monetary tightening as well as risk-off sentiment due to the intensification of the conflict in the Middle East. In contrast, the strongest gains were in January and June, which were both months when the Bank of Japan (BOJ) signalled it would maintain its monetary easing policy, as well as November when Japanese long-term bond yields declined, making Japanese equities appear less richly valued in comparison. As a result, the TOPIX (including dividends) ended the year up 28.26%, while the Nikkei 225 (including dividends) rose 30.96% (both in JPY terms).

All of the 33 Tokyo Stock Exchange sectors rose during the period with Marine Transportation, Iron & Steel, and Wholesale Trade posting the strongest gains. Although no sectors declined, Pharmaceuticals, Air Transportation, and Textiles & Apparel saw comparatively smaller gains.

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## **Market Outlook**

### ***Confluence of factors to support a continued uptrend in Japanese equities in the medium term***

The Japanese equity market has been trending upward, supported by a weaker yen influenced by strong economic indicators out of the US, as well as overseas investors' rising conviction in Japanese stocks. In the near term, it is possible that we may see periods of volatility based on changes in domestic and international monetary policy and macroeconomic indicators. However, we believe the Japanese equity market will continue to perform solidly given that Japanese corporate earnings are expected to continue trending upward in FY24 as inventory adjustments run their course and domestic demand recovers, while Japanese companies also continue to seek ways to increase returns to shareholders. At the same time, with an eye to improving capital efficiency, Japanese companies are enhancing the efficiency of their operations by implementing business structure reforms, investing in future growth and prioritising returns to shareholders. The economy is also beginning to exit a deflationary period. We believe these factors will support a continued uptrend in Japanese equities in the medium term as well.

## **Investment Strategy**

### ***Portfolio is characterised by low volatility and low correlation relative to the market***

In principle, we manage the portfolio based on an investment policy of making highly selective investments in companies with future dividend growth potential from among those whose projected dividend yield is higher than the market average. In making stock selections, we focus on bottom-up research, thoroughly scrutinising each company's corporate competitiveness, cash flow generation capacity, financial stability and stance on shareholder returns. We therefore carefully select firms that are able to continually grow their dividends, and invest from a medium- to long-term perspective. Since many of the holdings are in stable growth stocks with strong earnings power and sound financials, the portfolio is characterised by low volatility and low correlation with the market. Currently, many of the portfolio's holdings are in fields such as IT services, electronic components, telecommunications, trading firm business, automobiles, retail, construction and banking.

Following the introduction of Japan's Corporate Governance Code, Japanese firms have worked to improve dialogue with investors and are increasing the ratio of outside directors on their boards. As a result, there is a greater emphasis on improving returns on equity and the number of companies that are selling off unprofitable businesses or strategic shareholdings and putting their excess cash to use through dividend increases and share buybacks is growing. The Tokyo Stock Exchange has stepped up pressure on its listed stocks to disclose specific measures aimed at ensuring that corporate management approaches take into account capital efficiency and stock prices.

Japanese companies are largely expected to produce strong results as inventory adjustments run their course and domestic demand continues to recover. Additionally, an increasing number of companies are raising their dividend payout ratio as a means of enhancing capital efficiency, leading to the possibility that dividend growth could outpace earnings growth. In light of this, we are investing in names that, in addition to providing stable dividend income, can offer capital gains as dividend hikes drive up their share prices.

### ***Focus on names that balance investment in future growth with providing returns to shareholders***

In terms of stock selection, we will seek out names with ample cash reserves and/or strong earnings momentum that balance investment in future growth with providing returns to shareholders. In particular, we will focus on those names from which sustained dividend growth can be expected, paying close attention to firms where there are indications that management (via medium-term

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business plans or other directives) is changing its stance on shareholder returns, such as dividend hikes. In response to the abovementioned request from the Tokyo Stock Exchange, it seems that an increasing number of companies plan to disclose strategies for enhancing capital efficiency and resolving low price-to-book ratios by late April to early May 2024 when releasing their FY23 fourth-quarter earnings results, and this year we will be closely analysing the details of such announcements.

We will focus on primarily domestic demand-driven firms with stable growth prospects including IT services firms, network construction firms and outsourcing companies that offer solutions to address the ongoing labour shortage and shift to remote work; home building, real estate, construction, and building materials firms which are expected to achieve stable earnings as they are less influenced by the external environment; and specialty retailers expected to see earnings growth driven by industry restructuring. Considering the possibility for a recovery in the economic climate in the latter half of 2024, we will seek out stocks with highly stable dividends in cyclical sectors such as electronic materials, electronic components, and machinery, particularly companies which hold a high global market share.

Other areas we are focusing on include trading houses which are involved in increasingly essential energy provision, as well as banks and other firms likely to benefit from expected future changes to Japan's monetary policy. We will also look at names that are likely to increase dividends and proactively invest in high quality stocks that have lagged the market relative to their fundamentals. In this way, we will position our portfolio to achieve steady returns as investors factor in improving corporate earnings results and dividend hikes.

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This document is purely for informational purposes only with no consideration given to the specific investment objective, financial situation and particular needs of any specific person. It should not be relied upon as financial advice. Any securities mentioned herein are for illustration purposes only and should not be construed as a recommendation for investment. **You should seek advice from a financial adviser before making any investment. In the event that you choose not to do so, you should consider whether the investment selected is suitable for you.** Investments in funds are not deposits in, obligations of, or guaranteed or insured by Nikko Asset Management Asia Limited ("Nikko AM Asia").

**Past performance or any prediction, projection or forecast is not indicative of future performance. The Fund or any underlying fund may use or invest in financial derivative instruments.** The value of units and income from them may fall or rise. Investments in the Fund are subject to investment risks, including the possible loss of principal amount invested. You should read the relevant prospectus (including the risk warnings) and product highlights sheet of the Fund, which are available and may be obtained from appointed distributors of Nikko AM Asia or our website ([www.nikkoam.com.sg](http://www.nikkoam.com.sg)) before deciding whether to invest in the Fund.

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(Where relevant – for funds included under CPFIS) The Central Provident Fund ("CPF") Ordinary Account ("OA") interest rate is the legislated minimum 2.5% per annum, or the 3-month average of major local banks' interest rates, whichever is higher, reviewed quarterly. The interest rate for Special Account ("SA") is currently 4% per annum or the 12-month average yield of 10-year Singapore Government Securities plus 1%, whichever is higher, reviewed quarterly. Only monies in excess of \$20,000 in OA and \$40,000 in SA can be invested under the CPF Investment Scheme ("CPFIS"). Please refer to the website of the CPF Board for further information. Investors should note that the applicable interest rates for the CPF accounts and the terms of CPFIS may be varied by the CPF Board from time to time.

#### **For Hong Kong Investors**

The Fund may only be offered to professional investors in Hong Kong and is not authorised by the Securities and Futures Commission. The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to this document. If you are in any doubt about any of the contents, you should obtain independent professional advice.

Nikko Asset Management Asia Limited. Registration Number 198202562H

## **NIKKO AM JAPAN DIVIDEND EQUITY FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **REPORT OF THE TRUSTEE**

*For the financial year ended 31 December 2023*

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The Trustee is under a duty to take into custody and hold the assets of Nikko AM Japan Dividend Equity Fund (the “Fund”) in trust for the unitholders. In accordance with the Securities and Futures Act 2001, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 15 to 44, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee  
BNP Paribas Trust Services Singapore Limited

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Authorised signatory  
27 March 2024

## **NIKKO AM JAPAN DIVIDEND EQUITY FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **STATEMENT BY THE MANAGER**

*For the financial year ended 31 December 2023*

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In the opinion of Nikko Asset Management Asia Limited, the accompanying financial statements set out on pages 15 to 44, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of Nikko AM Japan Dividend Equity Fund (the "Fund") as at 31 December 2023, and the financial performance and movements in unitholders' funds for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager  
Nikko Asset Management Asia Limited

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Authorised signatory  
27 March 2024

**INDEPENDENT AUDITOR'S REPORT  
TO THE UNITHOLDERS OF NIKKO AM JAPAN DIVIDEND EQUITY FUND**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**Our Opinion**

In our opinion, the accompanying financial statements of Nikko AM Japan Dividend Equity Fund (the "Fund"), are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants ("RAP 7"), so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 31 December 2023, and the financial performance and movements of unitholders' funds for the financial year ended on that date.

*What we have audited*

The financial statements of the Fund comprise:

- the Statement of Total Return for the financial year ended 31 December 2023;
- the Statement of Financial Position as at 31 December 2023;
- the Statement of Movements of Unitholders' Funds for the financial year then ended;
- the Statement of Portfolio as at 31 December 2023; and
- the notes to the financial statements, including material accounting policy information.

**Basis for Opinion**

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Independence*

We are independent of the Fund in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

**Other Information**

The Fund's Manager (the "Manager") is responsible for the other information. The other information comprises all sections of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE UNITHOLDERS OF NIKKO AM JAPAN DIVIDEND EQUITY FUND**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**Responsibilities of the Manager for the Financial Statements**

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Fund or to cease the Fund's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Fund's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE UNITHOLDERS OF NIKKO AM JAPAN DIVIDEND EQUITY FUND**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**Auditor's Responsibilities for the Audit of the Financial Statements** (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants  
Singapore, 27 March 2024

**NIKKO AM JAPAN DIVIDEND EQUITY FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial year ended 31 December 2023*

	Note	<b>2023</b> JPY'000	<b>2022</b> JPY'000
<b>Income</b>			
Dividends		<b>825,388</b>	655,256
Interest on cash and cash equivalents		<b>27,674</b>	4,708
		<b>853,062</b>	659,964
<b>Less: Expenses</b>			
Management fee		<b>361,444</b>	278,089
Transfer agent fee		<b>8,905</b>	10,551
Trustee fee		<b>7,746</b>	6,081
Custody fee		<b>3,403</b>	2,011
Audit fee		<b>1,788</b>	1,534
Valuation fee		<b>10,330</b>	8,108
Transaction costs		<b>41,083</b>	23,302
Other expenses		<b>17,978</b>	9,199
		<b>452,677</b>	338,875
<b>Net income</b>		<b>400,385</b>	321,089
<b>Net gains or losses on value of investments and financial derivatives</b>			
Net gains on investments		<b>5,914,143</b>	469,944
Net foreign exchange gains		<b>18,347</b>	73,782
Net gains on financial derivatives		<b>1,585,548</b>	2,451,886
		<b>7,518,038</b>	2,995,612
<b>Total return for the financial year before income tax</b>		<b>7,918,423</b>	3,316,701
<b>Less: Income tax</b>	3	<b>(126,408)</b>	(100,352)
<b>Total return for the financial year after income tax</b>		<b>7,792,015</b>	3,216,349

*The accompanying notes form an integral part of these financial statements*

**NIKKO AM JAPAN DIVIDEND EQUITY FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF FINANCIAL POSITION***As at 31 December 2023*

	Note	2023 JPY'000	2022 JPY'000
<b>ASSETS</b>			
Portfolio of investments		30,010,260	20,480,861
Sales awaiting settlement		-	25,615
Receivables	4	337,628	105,130
Cash and cash equivalents		1,298,540	760,343
Financial derivatives at fair value	6	103,649	-
<b>Total assets</b>		<b>31,750,077</b>	<b>21,371,949</b>
<b>LIABILITIES</b>			
Payables	5	582,524	124,649
Purchases awaiting settlement		6,364	29,596
Distributions payable	8	185,276	88,888
Financial derivatives at fair value	6	10,399	407,980
<b>Total liabilities</b>		<b>784,563</b>	<b>651,113</b>
<b>EQUITY</b>			
Net assets attributable to unitholders	7	30,965,514	20,720,836

*The accompanying notes form an integral part of these financial statements*

**NIKKO AM JAPAN DIVIDEND EQUITY FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial year ended 31 December 2023*

	Note	2023 JPY'000	2022 JPY'000
<b>Net assets attributable to unitholders at the beginning of the financial year</b>		<b>20,720,836</b>	16,773,949
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		<b>7,792,015</b>	3,216,349
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		<b>24,451,593</b>	6,254,890
Cancellation of units		<b>(20,656,391)</b>	(4,533,954)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		<b>3,795,202</b>	1,720,936
Distributions	8	<b>(1,342,539)</b>	(990,398)
Total increases in net assets attributable to unitholders		<b>10,244,678</b>	3,946,887
<b>Net assets attributable to unitholders at the end of the financial year</b>	7	<b>30,965,514</b>	20,720,836

*The accompanying notes form an integral part of these financial statements*

**NIKKO AM JAPAN DIVIDEND EQUITY FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2023***By Industry (Primary)**

	Holdings at 31 December 2023	Fair value at 31 December 2023 JPY'000	Percentage of total net assets attributable to unitholders at 31 December 2023 %
<b>Quoted Equities</b>			
<b>AUTO MANUFACTURERS</b>			
Honda Motor Company Limited	511,500	749,859	2.42
Toyota Motor Corporation	305,500	791,398	2.56
<b>Total AUTO MANUFACTURERS</b>		<b>1,541,257</b>	<b>4.98</b>
<b>AUTO PARTS &amp; EQUIPMENT</b>			
Bridgestone Corporation	112,000	654,080	2.11
Toyoda Gosei Company Limited	176,700	467,460	1.51
<b>Total AUTO PARTS &amp; EQUIPMENT</b>		<b>1,121,540</b>	<b>3.62</b>
<b>BANKS</b>			
Mitsubishi UFJ Financial Group Incorporated	682,100	826,364	2.67
Mizuho Financial Group Incorporated	292,400	705,415	2.28
Sumitomo Mitsui Financial Group Incorporated	114,300	786,384	2.54
<b>Total BANKS</b>		<b>2,318,163</b>	<b>7.49</b>
<b>BEVERAGES</b>			
Kirin Holdings Company Limited	280,700	579,926	1.87
<b>Total BEVERAGES</b>		<b>579,926</b>	<b>1.87</b>
<b>BUILDING MATERIALS</b>			
AGC Incorporated	132,600	694,294	2.24
Nichias Corporation	100,500	340,695	1.10
Sanwa Holdings Corporation	332,800	711,693	2.30
<b>Total BUILDING MATERIALS</b>		<b>1,746,682</b>	<b>5.64</b>
<b>CHEMICALS</b>			
Adeka Corporation	71,600	205,492	0.67
AICA Kogyo Company Limited	78,700	268,524	0.87
Air Water Incorporated	315,000	606,848	1.96
LINTEC Corporation	58,800	161,700	0.52
Mitsui Chemicals Incorporated	157,200	657,410	2.12
Nitto Denko Corporation	74,000	780,700	2.52
<b>Total CHEMICALS</b>		<b>2,680,674</b>	<b>8.66</b>
<b>COMMERCIAL SERVICES</b>			
Persol Holdings Company Limited	3,025,500	732,474	2.37
<b>Total COMMERCIAL SERVICES</b>		<b>732,474</b>	<b>2.37</b>
<b>COMPUTERS</b>			
Biprogy Incorporated	68,400	301,986	0.97
NEC Networks & System Integration Corporation	128,600	305,939	0.99
Net One Systems Company Limited	232,700	559,294	1.81
Otsuka Corporation	81,100	471,434	1.52
<b>Total COMPUTERS</b>		<b>1,638,653</b>	<b>5.29</b>

*The accompanying notes form an integral part of these financial statements*

**NIKKO AM JAPAN DIVIDEND EQUITY FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2023***By Industry (Primary) (continued)**

	Holdings at 31 December 2023	Fair value at 31 December 2023 JPY'000	Percentage of total net assets attributable to unitholders at 31 December 2023 %
<b>Quoted Equities (continued)</b>			
<b>DISTRIBUTION/WHOLESALE</b>			
Itochu Corporation	129,400	746,250	2.41
Mitsui & Company Limited	139,300	738,011	2.39
Nippon Gas Company Limited	294,100	684,518	2.21
Toyota Tsusho Corporation	84,700	703,688	2.27
<b>Total DISTRIBUTION/WHOLESALE</b>		<b>2,872,467</b>	<b>9.28</b>
<b>DIVERSIFIED FINANCIAL SERVICES</b>			
ORIX Corporation	284,900	756,694	2.44
Zenkoku Hosho Company Limited	119,900	637,269	2.06
<b>Total DIVERSIFIED FINANCIAL SERVICES</b>		<b>1,393,963</b>	<b>4.50</b>
<b>ELECTRICAL COMPONENT &amp; EQUIPMENT</b>			
Mabuchi Motor Company Limited	228,200	533,760	1.72
<b>Total ELECTRICAL COMPONENT &amp; EQUIPMENT</b>		<b>533,760</b>	<b>1.72</b>
<b>ELECTRONICS</b>			
Inaba Denki Sangyo Company Limited	45,600	155,040	0.50
Kyocera Corporation	346,800	713,714	2.31
Macnica Holdings Incorporated	89,500	665,612	2.15
Nissha Company Limited	40,200	59,215	0.19
Star Micronics Company Limited	110,600	190,121	0.61
Taiyo Holdings Company Limited	47,400	147,651	0.48
<b>Total ELECTRONICS</b>		<b>1,931,353</b>	<b>6.24</b>
<b>ENGINEERING AND CONSTRUCTION</b>			
Exeo Group Incorporated	170,000	532,950	1.72
Kumagai Gumi Company Limited	106,600	384,293	1.24
<b>Total ENGINEERING AND CONSTRUCTION</b>		<b>917,243</b>	<b>2.96</b>
<b>HAND/MACHINE TOOLS</b>			
Amada Company Limited	508,600	747,642	2.41
<b>Total HAND/MACHINE TOOLS</b>		<b>747,642</b>	<b>2.41</b>
<b>HOME BUILDERS</b>			
Daiwa House Industry Company Limited	178,100	760,843	2.46
<b>Total HOME BUILDERS</b>		<b>760,843</b>	<b>2.46</b>
<b>INSURANCE</b>			
Tokio Marine Holdings Incorporated	222,400	784,850	2.53
<b>Total INSURANCE</b>		<b>784,850</b>	<b>2.53</b>
<b>MACHINERY-DIVERSIFIED</b>			
Ebara Corporation	77,400	646,135	2.09
<b>Total MACHINERY-DIVERSIFIED</b>		<b>646,135</b>	<b>2.09</b>
<b>MISCELLANEOUS MANUFACTURE</b>			
Amano Corporation	121,400	405,719	1.31
<b>Total MISCELLANEOUS MANUFACTURE</b>		<b>405,719</b>	<b>1.31</b>

*The accompanying notes form an integral part of these financial statements*

**NIKKO AM JAPAN DIVIDEND EQUITY FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2023***By Industry (Primary) (continued)**

	Holdings at 31 December 2023	Fair value at 31 December 2023 JPY'000	Percentage of total net assets attributable to unitholders at 31 December 2023 %
<b>Quoted Equities (continued)</b>			
<b>OFFICE/BUSINESS EQUIPMENT</b>			
Sato Holdings Corporation	64,700	136,905	0.44
<b>Total OFFICE/BUSINESS EQUIPMENT</b>		<b>136,905</b>	<b>0.44</b>
<b>PHARMACEUTICALS</b>			
Astellas Pharma Incorporated	428,000	721,608	2.33
Takeda Pharmaceutical Company Limited	172,500	699,315	2.26
<b>Total PHARMACEUTICALS</b>		<b>1,420,923</b>	<b>4.59</b>
<b>REAL ESTATE</b>			
Nomura Real Estate Holdings Incorporated	195,000	723,255	2.34
<b>Total REAL ESTATE</b>		<b>723,255</b>	<b>2.34</b>
<b>RETAIL</b>			
K's Holdings Corporation	490,300	647,686	2.09
Marui Group Company Limited	324,500	767,280	2.48
Sundrug Company Limited	147,500	668,470	2.16
<b>Total RETAIL</b>		<b>2,083,436</b>	<b>6.73</b>
<b>TELECOMMUNICATIONS</b>			
KDDI Corporation	157,500	706,545	2.28
Nippon Telegraph & Telephone Corporation	4,436,000	764,323	2.47
<b>Total TELECOMMUNICATIONS</b>		<b>1,470,868</b>	<b>4.75</b>
<b>TRANSPORTATION</b>			
Kamigumi Company Limited	158,400	533,174	1.72
Senko Group Holdings Company Limited	252,500	288,355	0.93
<b>Total TRANSPORTATION</b>		<b>821,529</b>	<b>2.65</b>
<b>Total Quoted Equities</b>		<b>30,010,260</b>	<b>96.92</b>
<b>Portfolio of investments</b>		<b>30,010,260</b>	<b>96.92</b>
<b>Other net assets</b>		<b>955,254</b>	<b>3.08</b>
<b>Net assets attributable to unitholders</b>		<b>30,965,514</b>	<b>100.00</b>

*The accompanying notes form an integral part of these financial statements*

**NIKKO AM JAPAN DIVIDEND EQUITY FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2023***By Industry (Summary)**

	<b>Percentage of total net assets attributable to unitholders at 31 December 2023 %</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2022 %</b>
Auto Manufacturers	4.98	4.55
Auto Parts & Equipment	3.62	4.09
Banks	7.49	7.28
Beverages	1.87	-
Building Materials	5.64	7.26
Chemicals	8.66	10.98
Commercial Services	2.37	-
Computers	5.29	6.40
Distribution/Wholesale	9.28	9.13
Diversified Financial Services	4.50	4.26
Electrical Component & Equipment	1.72	-
Electronics	6.24	8.36
Engineering and Construction	2.96	3.88
Hand/Machine Tools	2.41	2.03
Home Builders	2.46	2.37
Insurance	2.53	2.46
Internet	-	0.96
Machinery-Construction & Mining	-	1.90
Machinery-Diversified	2.09	-
Miscellaneous Manufacture	1.31	1.28
Office/Business Equipment	0.44	1.18
Packaging & Containers	-	2.03
Pharmaceuticals	4.59	2.60
Real Estate	2.34	1.94
Retail	6.73	5.80
Semiconductors	-	1.96
Telecommunications	4.75	4.68
Transportation	2.65	1.46
	<b>96.92</b>	<b>98.84</b>
<b>Portfolio of investments</b>	<b>96.92</b>	<b>98.84</b>
<b>Other net assets</b>	<b>3.08</b>	<b>1.16</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

As the Fund invests wholly into Japanese equities, it is not meaningful to classify the investments into geography.

*The accompanying notes form an integral part of these financial statements*

## NIKKO AM JAPAN DIVIDEND EQUITY FUND

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 December 2023*

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

#### 1. General

Nikko AM Japan Dividend Equity Fund (the "Fund") is a Singapore domiciled fund constituted under a Trust Deed dated 21 May 2013 as amended by Supplemental Deeds and Amended and Restated Deeds (collectively referred to as the "Deeds"). The Deeds are governed by the laws of the Republic of Singapore. The Trustee of the Fund is BNP Paribas Trust Services Singapore Limited (the "Trustee"). The Manager of the Fund is Nikko Asset Management Asia Limited (the "Manager"). The sub manager of the Fund is Nikko Asset Management Co., Ltd., domiciled in Japan (the "Sub-Manager").

There are currently thirteen classes of units established within the Fund, namely the United States Dollar ("USD" or "US\$") Class (denominated in USD), the USD (Acc) Class (denominated in USD), the USD Hedged Class (denominated in USD), the USD Hedged Class B (denominated in USD), the USD Hedged (Acc) Class (denominated in USD), the Singapore Dollar ("SGD" or "S\$") Class (denominated in SGD), the SGD Hedged (Acc) Class (denominated in SGD), the SGD Class B (denominated in SGD), the SGD Hedged Class (denominated in SGD), the SGD Hedged Class B (denominated in SGD), the Renminbi ("RMB") Class (denominated in RMB), the JPY Class Units (denominated in JPY) and the JPY Class B Units (denominated in JPY).

For the USD Hedged Class, the USD Hedged Class B and the USD Hedged (Acc) Class, the Manager intends to hedge the currency exposure of the assets of the Fund attributable to the USD Hedged Class, the USD Hedged Class B and to the USD Hedged (Acc) Class respectively, into USD through the use of currency forwards. The net asset value ("NAV") per unit of each of the USD Hedged Class, the USD Hedged Class B and the USD Hedged (Acc) Class will take into account any gains or losses arising from the use of the currency forwards in respect of the USD Hedged Class, the USD Hedged Class B and the USD Hedged (Acc) Class respectively.

For the SGD Hedged (Acc) Class, SGD Hedged Class and the SGD Hedged Class B, the Manager intends to hedge the currency exposure of the assets of the Fund attributable to the SGD Hedged (Acc) Class, SGD Hedged Class and the SGD Hedged Class B respectively into SGD through the use of currency forwards. The NAV per unit of each of the SGD Hedged (Acc) Class, SGD Hedged Class and the SGD Hedged Class B will take into account any gains or losses arising from the use of the currency forwards in respect of the SGD Hedged (Acc) Class, SGD Hedged Class and the SGD Hedged Class B respectively.

The USD Class, the USD Hedged Class, the USD Hedged Class B, the SGD Class, the SGD Hedged Class, the SGD Class B, the SGD Hedged Class B, the RMB Class, the JPY Class and the JPY Class B each intends to make distributions to unitholders. However, the USD (Acc) Class, the USD Hedged (Acc) Class and the SGD Hedged (Acc) Class will each not make any distributions to the unitholders of the relevant class.

There are no material differences between the Classes of units save for (i) the currency of denomination of each Class; (ii) the hedging features of the USD Hedged Class, the USD Hedged Class B, the USD Hedged (Acc) Class, the SGD Hedged (Acc) Class, the SGD Hedged Class and the SGD Hedged Class B; (iii) the annual management fee payable by each Class; (iv) the distribution policies applicable to the classes as described above and (v) the minimum initial and subsequent investment amounts and the minimum holding for the classes.

## NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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#### 1. General (continued)

As of 31 December 2023 and 2022, only units in the SGD Hedged Class, USD Hedged Class, SGD Class, SGD Hedged Class B and JPY Class, have been issued. During the financial year ended 31 December 2023, units in SGD Class B and USD Class were also issued.

The Fund is single priced and the NAV of the Fund may fall as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such Investments caused by subscriptions, redemptions, switches and/or exchanges of units in the Fund. To protect unitholders' interests, the Manager shall, in consultation with the Trustee, have the discretion to apply dilution adjustment or swing pricing in certain circumstances which the Manager deem appropriate. Swing Pricing involves making upwards or downwards adjustments in the calculation of the NAV per unit of the Fund or Class on a particular Dealing Day so that such transaction costs and dealing spreads in respect of the underlying investments are, as far as practicable, passed on to the investors who are subscribing, realising, switching and/or exchanging units on that Dealing Day.

The NAV is adjusted if the net subscription or realisation (including switches and/or exchanges) on a particular Dealing Day reaches or exceeds a certain percentage (the "Swing Threshold") of the size of the Fund as of such relevant Dealing Day.

Any dilution adjustment as at the last dealing day of the year will be disclosed under Units in issue.

During the financial year ended 31 December 2023, the Fund has reached the swing threshold and swing pricing has been applied on some Dealing Day. For the financial year ended 2022, the Fund did not reach the swing threshold and no swing pricing has been applied.

#### 2. Material accounting policy information

The principal accounting policies applied in the preparation of these financial statements are set out below:

##### (a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial instruments at fair value, and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" ("RAP 7") issued and revised by the Institute of Singapore Chartered Accountants in August 2023 for the financial year beginning on or after 1 January 2023.

The adoption of the revised RAP 7 did not result in substantial changes to the accounting policies of the Fund and had no material effect on the amounts reported for the current or prior years.

##### (b) Recognition of income

Dividend income from investments is recognised when the right to receive payment is established.

Interest income is recognised on a time-proportion basis using the effective interest rate method.

## NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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#### 2. Material accounting policy information (continued)

##### (c) Distributions

The Manager has the absolute discretion to determine whether a distribution is to be made. In such an event, an appropriate amount will be transferred to a distribution account to be paid on the distribution date. The amount shall not be treated as part of the property of the Fund. Distributions are accrued for at the reporting date if the necessary approvals have been obtained and a legal or constructive obligation has been created.

##### (d) Investments

Investments are classified as financial assets at fair value through profit or loss.

###### (i) *Initial recognition*

Purchases of investments are recognised on the trade date. Investments are recorded at fair value on initial recognition.

###### (ii) *Subsequent measurement*

Investments are subsequently carried at fair value. Net change in fair value on investments is included in the Statement of Total Return in the year in which they arise.

###### (iii) *Derecognition*

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sales of investments are computed on the basis of the difference between the weighted average cost and selling price gross of transaction costs, and are taken up in the Statement of Total Return.

##### (e) Basis of valuation of investments

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The quoted market price used for investments held by the Fund is the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value.

##### (f) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

##### (g) Sales and purchases awaiting settlement

Sales and purchases awaiting settlement represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the Statement of Financial Position date respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost.

## NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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#### 2. Material accounting policy information (continued)

##### (h) Payables

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

##### (i) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks which are subject to an insignificant risk of changes in value.

##### (j) Foreign currency translation

###### (i) *Functional and presentation currency*

The Fund qualifies as an authorised scheme under the Securities and Futures Act 2001 ("SFA") of Singapore and is offered to retail investors in Singapore. The Fund's activities are substantially based in Singapore, with subscriptions and redemptions of the units of the Fund denominated in United States Dollar ("USD"), Singapore Dollar ("SGD") and Japanese Yen ("JPY").

The performance of the Fund is measured and reported to the investors in Japanese Yen. The Manager considers the Japanese Yen as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are expressed in Japanese Yen, which is the Fund's functional and presentation currency.

###### (ii) *Transactions and balances*

Foreign currency monetary assets and liabilities are translated into Japanese Yen at the rates of exchange prevailing at the date of the Statement of Financial Position. The net unrealised gain or loss is taken to the Statement of Total Return within the net foreign exchange gain or loss. Transactions during the year are recorded in Japanese Yen at the rates of exchange ruling on transaction dates. All realised gains or losses are recognised in the Statement of Total Return.

##### (k) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

##### (l) Financial derivatives

Financial derivatives are entered into for the purposes of efficient portfolio management, tactical asset allocation or specific hedging of financial assets held as determined by the Manager and in accordance with the provisions of the Deeds.

Financial derivatives outstanding at the end of the financial year are valued at forward rates or at current market prices using the "mark-to-market" method, as applicable, and the resultant gains and losses are taken up in the Statement of Total Return.

## NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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#### 2. Material accounting policy information (continued)

##### (l) Financial derivatives (continued)

When a financial derivative expires, or is sold or terminated, the gains or losses are taken up in the Statement of Total Return.

##### (m) Expenses

Expenses are recognised in the Statement of Total Return as the related services are performed.

##### (n) Management fee

Management fee expense is recognised on an accrual basis and in accordance with the Prospectus. Management fee is recognised as an expense over the period for which the service is provided. The management fee charged on any investment in other unit trusts managed by the Manager is rebated back to the Fund, where applicable.

##### (o) Creation and cancellation of units

Units are issued and redeemed at the prices based on the Fund's net asset value per unit at the time of issue or redemption for each respective class. The Fund's net asset value per unit is calculated by dividing the net asset attributable to the unitholders of each class of units.

#### 3. Income tax

The Manager and Trustee of the Fund have assessed and are satisfied that the Fund has met the requisite conditions under the Designated Unit Trust (DUT) scheme for the current financial year. The Manager and Trustee of the Fund will ensure that the Fund fulfils its reporting obligations under the DUT Scheme.

Under the DUT Scheme, certain income of the DUT fund is not taxable in accordance to Sections 35(12) and 35(12A) of the Income Tax Act 1947. Such income includes:

- (a) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (b) interest (other than interest for which tax has been deducted under section 45 of the Income Tax Act 1947);
- (c) dividends derived from outside Singapore and received in Singapore;
- (d) gains or profits derived from foreign exchange transactions, transactions in futures contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities or financial index;
- (e) discount prepayment fees, redemption premium and break cost from qualifying debt securities issued during the prescribed period; and
- (f) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.

**NIKKO AM JAPAN DIVIDEND EQUITY FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***3. Income tax (continued)**

Income tax for the financial year ended 31 December 2023 and 2022 comprises:

	<b>2023</b>	2022
	<b>JPY'000</b>	JPY'000
Overseas income tax	<b>126,408</b>	100,352

The overseas income tax represents tax deducted at source on dividends derived from outside Singapore.

**4. Receivables**

	<b>2023</b>	2022
	<b>JPY'000</b>	JPY'000
Receivable from unitholders for creation of units	<b>281,260</b>	73,446
Dividends receivable	<b>56,368</b>	31,684
	<b>337,628</b>	105,130

**5. Payables**

	<b>2023</b>	2022
	<b>JPY'000</b>	JPY'000
Payable to unitholders for cancellation of units	<b>433,966</b>	35,425
Amount due to the Manager	<b>128,250</b>	82,739
Amount due to the Trustee	<b>6,775</b>	1,766
Valuation fee payable	<b>9,035</b>	2,355
Transfer agent fee payable	<b>217</b>	69
Provision for audit fee	<b>1,735</b>	1,438
Custody fee payable	<b>2,546</b>	857
	<b>582,524</b>	124,649

Amount due to the Manager comprises management fee payable to Nikko Asset Management Asia Limited. Trustee fee is payable to BNP Paribas Trust Services Singapore Limited. Valuation fee and custody fee are payable to BNP Paribas, acting through its Singapore Branch. Transfer agent fee is payable to BNP Paribas, acting through its Singapore Branch with effect from 1 April 2023.

**6. Financial derivatives**

Financial derivatives comprise of forward foreign exchange contracts for purchases and sales of foreign currencies. The year-end positive and negative fair values represent the unrealised gains and losses respectively on revaluation of forward foreign exchange contracts at the Statement of Financial Position date. The contract or underlying principal amounts of these financial derivatives and their corresponding gross positive or negative fair values at Statement of Financial Position date are analysed below.

	<b>Contract or underlying principal amount</b>		<b>Year-end positive fair value</b>		<b>Year-end negative fair value</b>	
	<b>2023</b>	2022	<b>2023</b>	2022	<b>2023</b>	2022
	<b>JPY'000</b>	JPY'000	<b>JPY'000</b>	JPY'000	<b>JPY'000</b>	JPY'000
Forward foreign exchange contracts	<b>23,684,255</b>	17,498,802	<b>103,649</b>	-	<b>(10,399)</b>	(407,980)

**NIKKO AM JAPAN DIVIDEND EQUITY FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***6. Financial derivatives (continued)**

The Fund also restricts its exposure to credit losses on the trading derivative instruments it holds by entering into master netting arrangements with approved brokers with whom it undertakes a significant volume of transactions. Master netting arrangements do not result in an offset of Statement of Financial Position assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Fund's overall exposure to credit risk on derivative instruments, subject to a master netting arrangement, can change substantially within a short period as it is affected by each transaction subject to the arrangement.

Financial assets and financial liabilities which are subject to enforceable master netting agreements or similar agreements for the financial year ended 31 December 2023 and 2022 are detailed in the following table.

**(i) Offsetting financial assets**

The Fund has no financial assets which are subject to enforceable master netting agreements or similar agreements for the financial year ended 31 December 2023 and 2022.

**(ii) Offsetting financial liabilities**

	Gross amounts of recognised financial liabilities JPY'000	Gross amounts of recognised financial assets set-off in the Statement of Financial Position JPY'000	Net amounts of financial liabilities presented in the Statement of Financial Position JPY'000	Related accounts not set-off in the Statement of Financial Position		
				Financial instruments JPY'000	Cash collateral JPY'000	Net exposure JPY'000
<b>2023</b>						
Forward foreign exchange contracts	10,399	-	10,399	-	-	10,399

	Gross amounts of recognised financial liabilities JPY'000	Gross amounts of recognised financial assets set-off in the Statement of Financial Position JPY'000	Net amounts of financial liabilities presented in the Statement of Financial Position JPY'000	Related accounts not set-off in the Statement of Financial Position		
				Financial instruments JPY'000	Cash collateral JPY'000	Net exposure JPY'000
<b>2022</b>						
Forward foreign exchange contracts	239,660	-	239,660	-	-	239,660

**NIKKO AM JAPAN DIVIDEND EQUITY FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***7. Units in issue**

During the financial year ended 31 December 2023 and 2022, the number of units issued, redeemed and outstanding were as follows:

<b><u>SGD Hedged Class</u></b>	<b>2023 '000</b>	<b>2022 '000</b>
Units at beginning of the financial year	84,878	72,886
Units created	76,425	31,676
Units cancelled	(41,215)	(19,684)
Units at end of the financial year	<b>120,088</b>	<b>84,878</b>
Net assets attributable to unitholders - JPY'000	<b>20,569,738</b>	10,312,127
Net asset value per unit - JPY	<b>171.289</b>	121.494
<b><u>USD Hedged Class</u></b>	<b>2023 '000</b>	<b>2022 '000</b>
Units at beginning of the financial year	26,186	27,732
Units created	5,461	5,162
Units cancelled	(21,914)	(6,708)
Units at end of the financial year	<b>9,733</b>	<b>26,186</b>
Net assets attributable to unitholders - JPY'000	<b>2,261,673</b>	4,384,112
Net asset value per unit - JPY	<b>232.372</b>	167.422
<b><u>SGD Class</u></b>	<b>2023 '000</b>	<b>2022 '000</b>
Units at beginning of the financial year	37,102	31,343
Units created	31,571	12,364
Units cancelled	(25,206)	(6,605)
Units at end of the financial year	<b>43,467</b>	<b>37,102</b>
Net assets attributable to unitholders - JPY'000	<b>4,718,922</b>	3,218,376
Net asset value per unit - JPY	<b>108.563</b>	86.744
<b><u>SGD Hedged Class B</u></b>	<b>2023 '000</b>	<b>2022 '000</b>
Units at beginning of the financial year	24,559	25,605
Units created	525	4,466
Units cancelled	(23,753)	(5,512)
Units at end of the financial year	<b>1,331</b>	<b>24,559</b>
Net assets attributable to unitholders - JPY'000	<b>186,573</b>	2,577,047
Net asset value per unit - JPY	<b>140.175</b>	104.933

**NIKKO AM JAPAN DIVIDEND EQUITY FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***7. Units in issue (continued)**

<b><u>JPY Class</u></b>	<b>2023 '000</b>	<b>2022 '000</b>
Units at beginning of the financial year	<b>2,360</b>	-
Units created	<b>10,870</b>	2,360
Units cancelled	<b>(1,110)</b>	-
Units at end of the financial year	<b>12,120</b>	2,360
Net assets attributable to unitholders - JPY'000	<b>1,473,188</b>	229,174
Net asset value per unit - JPY	<b>121.550</b>	97.108
<b><u>SGD Class B</u></b>	<b>2023 '000</b>	<b>2022 '000</b>
Units at beginning of the financial year	-	-
Units created	<b>32,483</b>	-
Units cancelled	<b>(24,356)</b>	-
Units at end of the financial year	<b>8,127</b>	-
Net assets attributable to unitholders - JPY'000	<b>970,426</b>	-
Net asset value per unit - JPY	<b>119.408</b>	-
<b><u>USD Class</u></b>	<b>2023 '000</b>	<b>2022 '000</b>
Units at beginning of the financial year	-	-
Units created	<b>21,764</b>	-
Units cancelled	<b>(16,754)</b>	-
Units at end of the financial year	<b>5,010</b>	-
Net assets attributable to unitholders - JPY'000	<b>784,994</b>	-
Net asset value per unit - JPY	<b>156.685</b>	-

**NIKKO AM JAPAN DIVIDEND EQUITY FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***7. Units in issue (continued)**

A reconciliation of the net asset value as reported in the Statement of Financial Position to the net asset value as determined for the purpose of processing unit subscription and redemption is provided below:

<b><u>SGD Hedged Class</u></b>	<b>2023 JPY'000</b>	<b>2022 JPY'000</b>
Net assets attributable to unitholders per financial statements per unit	<b>171.289</b>	121.494
Effects of distribution per unit	<b>1.034</b>	0.521
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	<b>(0.015)</b>	(0.020)
Net assets attributable to unitholders for issuing/redeeming per unit	<b>172.308</b>	121.995
<b><u>USD Hedged Class</u></b>	<b>2023 JPY'000</b>	<b>2022 JPY'000</b>
Net assets attributable to unitholders per financial statements per unit	<b>232.372</b>	167.422
Effects of distribution per unit	<b>1.403</b>	0.726
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	<b>(0.063)</b>	(0.015)
Net assets attributable to unitholders for issuing/redeeming per unit	<b>233.712</b>	168.133
<b><u>SGD Class</u></b>	<b>2023 JPY'000</b>	<b>2022 JPY'000</b>
Net assets attributable to unitholders per financial statements per unit	<b>108.563</b>	86.744
Effects of distribution per unit	<b>0.631</b>	0.364
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	<b>0.010</b>	0.004
Net assets attributable to unitholders for issuing/redeeming per unit	<b>109.204</b>	87.112

**NIKKO AM JAPAN DIVIDEND EQUITY FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***7. Units in issue (continued)**

<b><u>SGD Hedged Class B</u></b>	<b>2023 JPY'000</b>	<b>2022 JPY'000</b>
Net assets attributable to unitholders per financial statements per unit	<b>140.175</b>	104.933
Effects of distribution per unit	<b>0.838</b>	0.453
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	-	(0.020)
Net assets attributable to unitholders for issuing/redeeming per unit	<b>141.013</b>	105.366
<b><u>JPY Class</u></b>	<b>2023 JPY'000</b>	<b>2022 JPY'000</b>
Net assets attributable to unitholders per financial statements per unit	<b>121.550</b>	97.108
Effects of distribution per unit	<b>0.719</b>	0.421
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	<b>0.009</b>	(0.005)
Net assets attributable to unitholders for issuing/redeeming per unit	<b>122.278</b>	97.524
<b><u>SGD Class B</u></b>	<b>2023 JPY'000</b>	<b>2022 JPY'000</b>
Net assets attributable to unitholders per financial statements per unit	<b>119.408</b>	-
Effects of distribution per unit	<b>0.696</b>	-
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	<b>0.013</b>	-
Net assets attributable to unitholders for issuing/redeeming per unit	<b>120.117</b>	-
<b><u>USD Class</u></b>	<b>2023 JPY'000</b>	<b>2022 JPY'000</b>
Net assets attributable to unitholders per financial statements per unit	<b>156.685</b>	-
Effects of distribution per unit	<b>0.911</b>	-
Effect for movement in the net assets value between the last dealing date and the end of the reporting period ^	<b>0.005</b>	-
Net assets attributable to unitholders for issuing/redeeming per unit	<b>157.601</b>	-

^ The net asset value for the purposes of processing unit subscription and redemption was established in accordance with the methodology indicated in the Fund's Prospectus. This item reflects the movement in net asset value between the last dealing date and the end of reporting period due to accrual of operating expenses.

**NIKKO AM JAPAN DIVIDEND EQUITY FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***8. Distributions**

	<b>2023</b> <b>JPY'000</b>	2022 JPY'000
January interim distribution of US\$0.52 (USD Hedged Class), S\$0.51 (SGD Hedged Class), S\$0.37 (SGD Class), S\$0.42 (SGD Hedged Class B) & JPY4.021 (JPY Class) per 100 units in respect of the financial year ended 31 December 2023	<b>59,286</b>	-
February interim distribution of US\$0.55 (USD Hedged Class), S\$0.54 (SGD Hedged Class), S\$0.37 (SGD Class), S\$0.43 (SGD Hedged Class B), JPY4.208 (JPY Class), S\$0.41 (SGD Class B) & US\$0.40 (USD Class) per 100 units in respect of the financial year ended 31 December 2023	<b>82,057</b>	-
March interim distribution of US\$0.54 (USD Hedged Class), S\$0.54 (SGD Hedged Class), S\$0.38 (SGD Class), S\$0.44 (SGD Hedged Class B), JPY4.184 (JPY Class), S\$0.42 (SGD Class B) & US\$0.41 (USD Class) per 100 units in respect of the financial year ended 31 December 2023	<b>85,016</b>	-
April interim distribution of US\$0.56 (USD Hedged Class), S\$0.55 (SGD Hedged Class), S\$0.38 (SGD Class), S\$0.45 (SGD Hedged Class B), JPY4.282 (JPY Class), S\$0.42 (SGD Class B) & US\$0.41 (USD Class) per 100 units in respect of the financial year ended 31 December 2023	<b>86,776</b>	-
May interim distribution of US\$0.60 (USD Hedged Class), S\$0.59 (SGD Hedged Class), S\$0.40 (SGD Class), S\$0.48 (SGD Hedged Class B), JPY4.579 (JPY Class), S\$0.44 (SGD Class B) & US\$0.43 (USD Class) per 100 units in respect of the financial year ended 31 December 2023	<b>98,748</b>	-
June interim distribution of US\$0.65 (USD Hedged Class), S\$0.64 (SGD Hedged Class), S\$0.42 (SGD Class), S\$0.52 (SGD Hedged Class B), JPY4.921 (JPY Class), S\$0.46 (SGD Class B) & US\$0.45 (USD Class) per 100 units in respect of the financial year ended 31 December 2023	<b>107,647</b>	-
July interim distribution of US\$0.63 (USD Hedged Class), S\$0.62 (SGD Hedged Class), S\$0.41 (SGD Class), S\$0.51 (SGD Hedged Class B), JPY 4.79 (JPY Class), S\$0.45 (SGD Class B) & US\$0.45 (USD Class) per 100 units in respect of the financial year ended 31 December 2023	<b>108,593</b>	-
August interim distribution of US\$0.66 (USD Hedged Class), S\$0.64 (SGD Hedged Class), S\$0.41 (SGD Class), S\$0.52 (SGD Hedged Class B), JPY4.948 (JPY Class), S\$0.45 (SGD Class B), US\$0.44 (USD Class) per 100 units in respect of the financial year ended 31 December 2023	<b>118,704</b>	-
September interim distribution of US\$0.70 (USD Hedged Class), S\$0.69 (SGD Hedged Class), S\$0.43 (SGD Class), S\$0.56 (SGD Hedged Class B), JPY5.253 (JPY Class), S\$0.48 (SGD Class B) & US\$0.46 (USD Class) per 100 units in respect of the financial year ended 31 December 2023	<b>139,041</b>	-
October interim distribution of US\$0.68 (USD Hedged Class), S\$0.67 (SGD Hedged Class), S\$0.42 (SGD Class), S\$0.55 (SGD Hedged Class B), JPY5.11 (JPY Class), S\$0.46 (SGD Class B) & US\$0.44 (USD Class) per 100 units in respect of the financial year ended 31 December 2023	<b>145,798</b>	-

**NIKKO AM JAPAN DIVIDEND EQUITY FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***8. Distributions (continued)**

	<b>2023</b> <b>JPY'000</b>	2022 JPY'000
November interim distribution of US\$0.69 (USD Hedged Class), S\$0.68 (SGD Hedged Class), S\$0.41 (SGD Class), S\$0.55 (SGD Hedged Class B), JPY5.14 (JPY Class), S\$0.45 (SGD Class B) & US\$0.44 (USD Class) per 100 units in respect of the financial year ended 31 December 2023	<b>125,597</b>	-
December final distribution of US\$0.97 (USD Hedged Class), S\$0.95 (SGD Hedged Class), S\$0.58 (SGD Class), S\$0.77 (SGD Hedged Class B), JPY7.19 (JPY Class), S\$0.64 (SGD Class B) & US\$0.63 (USD Class) per 100 units in respect of the financial year ended 31 December 2023	<b>185,276</b>	-
January interim distribution of US\$0.53 (USD Hedged Class), S\$0.52 (SGD Hedged Class), S\$0.44 (SGD Class), S\$0.45 (SGD Hedged Class B) & US\$0.4 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2022	-	72,171
February interim distribution of US\$0.52 (USD Hedged Class), S\$0.51 (SGD Hedged Class), S\$0.43 (SGD Class), S\$0.44 (SGD Hedged Class B) & US\$0.39 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2022	-	72,250
March interim distribution of US\$0.50 (USD Hedged Class), S\$0.49 (SGD Hedged Class), S\$0.40 (SGD Class), S\$0.42 (SGD Hedged Class B) & US\$0.38 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2022	-	73,829
April interim distribution of US\$0.51 (USD Hedged Class), S\$0.50 (SGD Hedged Class), S\$0.39 (SGD Class), S\$0.43 (SGD Hedged Class B) & US\$0.39 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2022	-	76,310
May interim distribution of US\$0.52 (USD Hedged Class), S\$0.50 (SGD Hedged Class), S\$0.39 (SGD Class), S\$0.43 (SGD Hedged Class B) & US\$0.39 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2022	-	80,582
June interim distribution of US\$0.52 (USD Hedged Class), S\$0.50 (SGD Hedged Class), S\$0.37 (SGD Class), S\$0.43 (SGD Hedged Class B) & US\$0.39 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2022	-	82,577
July interim distribution of US\$0.51 (USD Hedged Class), S\$0.50 (SGD Hedged Class), S\$0.36 (SGD Class), S\$0.43 (SGD Hedged Class B) & US\$0.39 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2022	-	80,039
August interim distribution of US\$0.53 (USD Hedged Class), S\$0.52 (SGD Hedged Class), S\$0.38 (SGD Class), S\$0.45 (SGD Hedged Class B) & US\$0.40 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2022	-	91,621

**NIKKO AM JAPAN DIVIDEND EQUITY FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***8. Distributions (continued)**

	<b>2023</b> <b>JPY'000</b>	2022 JPY'000
September interim distribution of US\$0.53 (USD Hedged Class), S\$0.52 (SGD Hedged Class), S\$0.36 (SGD Class), S\$0.45 (SGD Hedged Class B) & US\$0.40 (USD Hedged Class B) per 100 units in respect of the financial year ended 31 December 2022	-	93,436
October interim distribution of US\$0.53 (USD Hedged Class), S\$0.51 (SGD Hedged Class), S\$0.35 (SGD Class), S\$0.44 (SGD Hedged Class B) & JPY4.08 (JPY Class) per 100 units in respect of the financial year ended 31 December 2022	-	88,698
November interim distribution of US\$0.54 (USD Hedged Class), S\$0.52 (SGD Hedged Class), S\$0.36 (SGD Class), S\$0.45 (SGD Hedged Class B) & JPY4.137 (JPY Class) per 100 units in respect of the financial year ended 31 December 2022	-	89,997
December final distribution of US\$0.55 (USD Hedged Class), S\$0.53 (SGD Hedged Class), S\$0.37 (SGD Class), S\$0.46 (SGD Hedged Class B) & JPY4.214 (JPY Class) per 100 units in respect of the financial year ended 31 December 2022	-	88,888
	<b>1,342,539</b>	<b>990,398</b>

## NIKKO AM JAPAN DIVIDEND EQUITY FUND

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 December 2023*

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#### 9. Financial risk management

The Fund's activities expose it to a variety of risk, including but not limited to market risk (including price risk, interest rate risk and currency risk), liquidity risk and credit risk. The Manager is responsible for the implementation of the overall risk management programme, which seeks to minimise potential adverse effects on the Fund's financial performance. Specific guidelines on exposures to individual securities and certain industries and/or countries are in place as part of the overall financial risk management to reduce the Fund's exposures to these risks.

The Fund's primary objective is to provide a total return of capital growth and income over the medium to long-term by investing in equities listed and traded on the Tokyo Stock Exchange.

These financial instruments are held in accordance with the published investment policies of the Fund and managed accordingly to achieve the investment objectives.

##### (a) Market risk - Price risk

Price risk is the risk that arises from uncertainties about future prices of financial instruments.

The Fund's investment is substantially dependent on the changes of market prices. The Fund's overall market positions are monitored regularly so as to assess any deviation from the Fund's investment objective. However, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the net asset value of the Fund.

The Fund is managed on a total return basis and as such, it does not seek to outperform any benchmark. The Fund's market price risk is managed through diversification of the investment portfolio across various industries in Japan. The Manager has assessed that the TOPIX Net Return Index (the "Index") will provide a suitable analysis of reasonable possible shifts of the fair value of the Fund's investments.

As at 31 December 2023, an increase/decrease of the index component within the Index by 18% (2022: 20%), with all other variables remaining constant, the net assets attributable to unitholders for the year would increase/decrease by approximately 15% (2022: 15%). The analysis was based on the assumptions that the index components within the Index increased/decreased by a reasonable possible shift, with all other variables held constant and that the fair value of Fund's investments moved according to the beta. Reasonable possible changes in market index percentage are revised annually depending on the Manager's current view on market volatility and other relevant factors.

## NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

#### 9. Financial risk management (continued)

##### (b) Market risk - Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates (fair value risk).

Investment funds that invest in equity securities may be subject to interest rate risk as any interest rate change may affect the equity risk premium though at varying degrees. To manage this risk, the Manager analyses how interest rate changes may affect different industries and securities and then seeks to adjust the Fund's portfolio investments accordingly.

However, the effects of changes in interest rates on the Fund's portfolio may not be quantified as the relationship between the interest rates and the value of equity securities is indirect. Hence, no sensitivity analysis has been presented separately.

##### (c) Market risk - Currency risk

Currency risk is the risk that the value of financial instrument will fluctuate due to changes in foreign exchange rates.

To minimise currency risk, the Fund mainly holds its excess cash in its functional currency. For hedging purposes, the Fund may also enter into forward foreign exchange contracts.

The tables below summarise the Fund's exposure to currency risks.

As at 31 December 2023	SGD JPY'000	JPY JPY'000	USD JPY'000	Total JPY'000
<b>Assets</b>				
Portfolio of investments	-	30,010,260	-	30,010,260
Receivables	247,961	86,994	2,673	337,628
Cash and cash equivalents	816,254	326,695	155,591	1,298,540
<b>Total assets</b>	<b>1,064,215</b>	<b>30,423,949</b>	<b>158,264</b>	<b>31,646,428</b>
<b>Liabilities</b>				
Payables	547,148	-	35,376	582,524
Purchases awaiting settlement	-	6,364	-	6,364
Distributions payable	158,341	8,714	18,221	185,276
<b>Total liabilities</b>	<b>705,489</b>	<b>15,078</b>	<b>53,597</b>	<b>774,164</b>
<b>Net off-balance sheet derivative financial instruments</b>	<b>20,969,122</b>	<b>(23,148,236)</b>	<b>2,272,364</b>	
<b>Net currency exposure</b>	<b>21,327,848</b>	<b>7,260,635</b>	<b>2,377,031</b>	

**NIKKO AM JAPAN DIVIDEND EQUITY FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***9. Financial risk management (continued)****(c) Market risk - Currency risk (continued)**

As at 31 December 2022	SGD JPY'000	JPY JPY'000	USD JPY'000	Total JPY'000
<b>Assets</b>				
Portfolio of investments	-	20,480,861	-	20,480,861
Sales awaiting settlement	-	25,615	-	25,615
Receivables	73,237	31,683	210	105,130
Cash and cash equivalents	399,736	257,573	103,034	760,343
<b>Total assets</b>	<b>472,973</b>	<b>20,795,732</b>	<b>103,244</b>	<b>21,371,949</b>
<b>Liabilities</b>				
Payables	122,983	-	1,666	124,649
Purchases awaiting settlement	-	29,596	-	29,596
Distributions payable	68,878	995	19,015	88,888
<b>Total liabilities</b>	<b>191,861</b>	<b>30,591</b>	<b>20,681</b>	<b>243,133</b>
<b>Net off-balance sheet derivative financial instruments</b>	<b>13,063,288</b>	<b>(17,732,212)</b>	<b>4,260,944</b>	
<b>Net currency exposure</b>	<b>13,344,400</b>	<b>3,032,929</b>	<b>4,343,507</b>	

Portfolio of investments, which is a significant item in the Statement of Financial Position is exposed to currency risk and other price risk. The Manager has considered the impact of currency risk sensitivity on non-monetary assets which include listed equities as part of the price risk sensitivity analysis.

The following table shows the Fund's sensitivity to major foreign currencies exposure, with respect to monetary assets and liabilities, with all other variables held constant. Changes in foreign currency rate are revised annually depending on the Manager's current view of market volatility and other relevant factors.

	Increase/decrease in foreign exchange rate (%)		Increase/decrease in net asset attributable to unitholders (%)	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
SGD	9	10	6	6
USD	10	11	1	2

## NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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#### 9. Financial risk management (continued)

##### (d) Liquidity risk

Liquidity risk is the risk of loss arising from the inability of the Fund to meet its obligations as and when they fall due without incurring unacceptable cost or losses.

The Fund is exposed to daily cash redemptions from unitholders. However, in accordance with the Fund's prospectus, minimum holdings and redemption size are set.

To manage the liquidity risk, a cash buffer is maintained in the Fund and monitored for minimum cash balances to prevent any extensive disposition of assets which may occur at lower prices and overdraft situations to meet trade settlements and obligations.

The Fund's securities are considered readily realisable, as the majority of the securities are listed on recognised stock exchanges.

The Fund's financial liabilities are analysed using contractual undiscounted cash flows for maturity groupings based on the remaining year at the Statement of Financial Position date to the contractual maturity date. As at 31 December 2023 and 2022, all liabilities are either payable upon demand or due in less than 3 months. The impact of discounting is not significant.

	<u>Less than 3 months</u>	
	As at	As at
	31 December	31 December
	2023	2022
	JPY'000	JPY'000
Payables	582,524	124,649
Purchases awaiting settlement	6,364	29,596
Distribution payable	185,276	88,888
<b>Contractual cash outflows</b>		
<b>(excluding gross settled derivatives)</b>	<b>774,164</b>	<b>243,133</b>

## NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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#### 9. Financial risk management (continued)

##### (d) Liquidity risk (continued)

The table below analyses the Fund's derivative financial instruments in a loss position that will be settled on a gross basis into relevant maturity groupings based on the period at the Statement of Financial Position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 3 months equal their carrying balances, as the impact of discounting is not significant.

	<b>Less than 3 months</b>	
	<b>As at</b>	<b>As at</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>JPY'000</b>	<b>JPY'000</b>
<b>Currency forwards</b>		
- Outflow	<b>(3,457,437)</b>	<b>(17,732,212)</b>
- Inflow	<b>3,447,038</b>	<b>17,324,232</b>
<b>Net outflow</b>	<b>(10,399)</b>	<b>(407,980)</b>

##### (e) Credit risk

Credit risk is the risk that a counterparty will be unable to fulfil its obligations to the Fund in part or in full as and when they fall due.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties as well as the respective credit limits are approved;
- ensuring there are controls in place to identify and assess the creditworthiness of counterparties and review such controls on a semi-annual basis; and
- ensuring that transactions are undertaken with a large number of counterparties.

The Fund is also exposed to counterparty credit risk on its financial assets held at amortised cost. As at 31 December 2023 and 2022, the Fund's financial assets held at amortised cost as disclosed in the Statement of Financial Position are realised within three months. The Manager considers the probability of default to be insignificant as the counterparties generally have a strong capacity to meet their contractual obligations in the near term. Hence, no loss allowance has been recognised based on the 12 month expected credit losses as any such impairment would be insignificant to the Fund.

All trade settlement with approved counterparties are on Delivery versus Payment and/or Receipt versus Payment basis, with the exception of initial public offerings, new issues and placement transactions.

Credit risk arises from cash and cash equivalents and outstanding and committed transactions from brokers. The table below summarises the credit rating of bank and custodian in which the Fund's assets are held as at 31 December 2023 and 2022.

## NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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#### 9. Financial risk management (continued)

##### (e) Credit risk (continued)

	Credit rating as at 31 December 2023	Credit rating as at 31 December 2022	Source of credit rating
<b>Bank and custodian</b>			
- BNP Paribas, acting through its Singapore Branch	<b>Aa3</b>	Aa3	Moody's
<b>Counterparties of forward foreign exchange contracts</b>			
- ANZ Bank	<b>Aa3</b>	Aa3	Moody's
- ING Bank	<b>Baa1</b>	N.A	Moody's
- JP Morgan Chase & Company	<b>A1</b>	A1	Moody's
- HSBC Bank	<b>Aa3</b>	A3	Moody's

The credit ratings are based on Local Long-Term Bank Deposits published by the rating agency.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial instruments.

##### (f) Capital management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

##### (g) Fair value estimation

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

**NIKKO AM JAPAN DIVIDEND EQUITY FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***9. Financial risk management (continued)****(g) Fair value estimation (continued)**

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 31 December 2023 and 2022:

<b>As at 31 December 2023</b>	<b>Level 1 JPY'000</b>	<b>Level 2 JPY'000</b>	<b>Level 3 JPY'000</b>	<b>Total JPY'000</b>
<b>Assets</b>				
Portfolio of investments:				
- Quoted equities	30,010,260	-	-	30,010,260
Financial derivatives at fair value	-	103,649	-	103,649
	<u>30,010,260</u>	<u>103,649</u>	<u>-</u>	<u>30,113,909</u>
<b>Liabilities</b>				
Financial derivatives at fair value	-	10,399	-	10,399
	<u>-</u>	<u>10,399</u>	<u>-</u>	<u>10,399</u>
<b>As at 31 December 2022</b>	<b>Level 1 JPY'000</b>	<b>Level 2 JPY'000</b>	<b>Level 3 JPY'000</b>	<b>Total JPY'000</b>
<b>Assets</b>				
Portfolio of investments:				
- Quoted equities	20,480,861	-	-	20,480,861
	<u>20,480,861</u>	<u>-</u>	<u>-</u>	<u>20,480,861</u>
<b>Liabilities</b>				
Financial derivatives at fair value	-	407,980	-	407,980
	<u>-</u>	<u>407,980</u>	<u>-</u>	<u>407,980</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include active listed equities. The Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include over-the-counter derivatives.

The assets and liabilities included in the Statement of Financial Position except portfolio of investments and financial derivatives are carried at amortised cost; their carrying values are reasonable approximation of fair value.

**10. Related party transactions**

In addition to related party information shown elsewhere in the financial statements, the following significant transactions took place during the financial year between the Fund and the related party at terms agreed between the parties and within the provisions of the Deeds:

	<b>2023 JPY'000</b>	<b>2022 JPY'000</b>
Bank balances held with related party of the Trustee	<u>1,298,540</u>	760,343

**NIKKO AM JAPAN DIVIDEND EQUITY FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***11. Financial ratios****Expense ratio****SGD Hedged Class**

		2023	2022
Total operating expenses	JPY'000	<b>245,597</b>	160,321
Average daily net asset value	JPY'000	<b>14,547,577</b>	9,358,039
<b>Total expense ratio<sup>1</sup></b>	<b>%</b>	<b>1.69</b>	1.71

**USD Hedged Class**

		2023	2022
Total operating expenses	JPY'000	<b>35,836</b>	78,253
Average daily net asset value	JPY'000	<b>2,091,592</b>	4,565,666
<b>Total expense ratio<sup>1</sup></b>	<b>%</b>	<b>1.71</b>	1.71

**SGD Class**

		2023	2022
Total operating expenses	JPY'000	<b>50,933</b>	51,823
Average daily net asset value	JPY'000	<b>2,992,779</b>	3,023,416
<b>Total expense ratio<sup>1</sup></b>	<b>%</b>	<b>1.70</b>	1.71

**SGD Hedged Class B**

		2023	2022
Total operating expenses	JPY'000	<b>2,663</b>	23,214
Average daily net asset value	JPY'000	<b>274,060</b>	2,578,828
<b>Total expense ratio<sup>1</sup></b>	<b>%</b>	<b>0.97</b>	0.90

**USD Hedged Class B**

		2023	2022
Total operating expenses	JPY'000	-	201
Average daily net asset value	JPY'000	-	30,215
<b>Total expense ratio<sup>1,2</sup> (annualised)</b>	<b>%</b>	<b>-</b>	0.90

**NIKKO AM JAPAN DIVIDEND EQUITY FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***11. Financial ratios (continued)****Expense ratio (continued)**

		<b>2023</b>	<b>2022</b>
<b><u>JPY Class</u></b>			
Total operating expenses	JPY'000	<b>12,093</b>	1,101
Average daily net asset value	JPY'000	<b>720,879</b>	207,305
<b>Total expense ratio<sup>1</sup> (annualised)</b>	<b>%</b>	<b>1.68</b>	1.76
		<b>2023</b>	<b>2022</b>
<b><u>SGD Class B</u></b>			
Total operating expenses	JPY'000	<b>25,221</b>	-
Average daily net asset value	JPY'000	<b>3,067,923</b>	-
<b>Total expense ratio<sup>1</sup> (annualised)</b>	<b>%</b>	<b>0.88</b>	-
		<b>2023</b>	<b>2022</b>
<b><u>USD Class</u></b>			
Total operating expenses	JPY'000	<b>37,991</b>	-
Average daily net asset value	JPY'000	<b>2,407,928</b>	-
<b>Total expense ratio<sup>1</sup> (annualised)</b>	<b>%</b>	<b>1.69</b>	-

<sup>1</sup> The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at financial year end was based on total operating expenses divided by the average net asset value for the year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

<sup>2</sup> USD Hedged Class B was fully redeemed on 28 September 2022.

**Turnover ratio**

		<b>2023</b>	<b>2022</b>
Lower of total value of purchases or sales	JPY'000	<b>18,258,316</b>	7,478,142
Average daily net asset value	JPY'000	<b>25,802,375</b>	19,763,469
<b>Total turnover ratio<sup>3</sup></b>	<b>%</b>	<b>70.76</b>	37.84

<sup>3</sup> The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, divided by the average daily net asset value.

## NIKKO AM JAPAN DIVIDEND EQUITY FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### REPORT TO UNITHOLDERS

For the financial year ended 31 December 2023

The following contains additional information relating to the Fund.

#### 1. Distribution of investments

Please refer to the Statement of Portfolio on pages 18 to 21.

#### 2. Credit rating of debt securities

Nil.

#### 3. Top 10 holdings

##### 10 largest holdings at 31 December 2023

	Fair value JPY'000	Percentage of total net assets attributable to unitholders %
Mitsubishi UFJ Financial Group Incorporated	826,364	2.67
Toyota Motor Corporation	791,398	2.56
Sumitomo Mitsui Financial Group Incorporated	786,384	2.54
Tokio Marine Holdings Incorporated	784,850	2.53
Nitto Denko Corporation	780,700	2.52
Marui Group Company Limited	767,280	2.48
Nippon Telegraph & Telephone Corporation	764,323	2.47
Daiwa House Industry Company Limited	760,843	2.46
ORIX Corporation	756,694	2.44
Honda Motor Company Limited	749,859	2.42

##### 10 largest holdings at 31 December 2022

	Fair value JPY'000	Percentage of total net assets attributable to unitholders %
Sumitomo Mitsui Financial Group Incorporated	528,011	2.55
Mitsubishi UFJ Financial Group Incorporated	521,310	2.52
Tokio Marine Holdings Incorporated	510,647	2.46
Astellas Pharma Incorporated	496,408	2.40
Kyocera Corporation	495,986	2.39
Itochu Corporation	495,862	2.39
Mitsui & Company Limited	494,340	2.39
Daiwa House Industry Company Limited	491,102	2.37
Nippon Telegraph & Telephone Corporation	490,565	2.37
KDDI Corporation	479,433	2.31

**NIKKO AM JAPAN DIVIDEND EQUITY FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***REPORT TO UNITHOLDERS***For the financial year ended 31 December 2023***4. Exposure to financial derivatives**

	Fair value at 31 December 2023 JPY'000	Percentage of Total net assets attributable to unitholders at 31 December 2023 %	Unrealised gains/(losses) JPY'000	Realised gains/(losses) JPY'000
Forward foreign exchange contracts	<b>93,250</b>	<b>0.30</b>	<b>93,250</b>	<b>1,492,298</b>

**5. Global exposure to financial derivatives**

The global exposure to financial derivatives is computed using the commitment approach which is calculated as the sum of:

- a. the absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangements;
- b. the absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements; and
- c. the sum of the values of cash collateral received pursuant to:
  - i. the reduction of exposure to counterparties of OTC financial derivatives; and
  - ii. EPM techniques relating to securities lending and repurchase transactions, and that are reinvested.

**6. Collateral**

Nil.

**7. Securities lending or repurchase transactions**

Nil.

**8. Investment in unit trusts, mutual funds and collective investment schemes**

Nil.

**9. Borrowings**

Nil.

**10. Amount of units created and cancelled for the financial year ended 31 December 2023**

	<b>JPY'000</b>
Units created	24,451,593
Units cancelled	(20,656,391)

## **NIKKO AM JAPAN DIVIDEND EQUITY FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **REPORT TO UNITHOLDERS**

*For the financial year ended 31 December 2023*

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**11. Turnover ratio**

Please refer to Note 11 of the Notes to the Financial Statements on page 44.

**12. Expense ratio**

Please refer to Note 11 of the Notes to the Financial Statements on page 43 to 44.

**13. Related party transactions**

Please refer to Note 10 of the Notes to the Financial Statements on page 42.

**14. Any other material information that will adversely impact the valuation of the Fund**

Nil.

**15. Soft dollar commissions/arrangements**

In their management of the Fund, the Managers and the Sub-Managers currently do not receive or enter into any soft dollar commissions or arrangements.

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