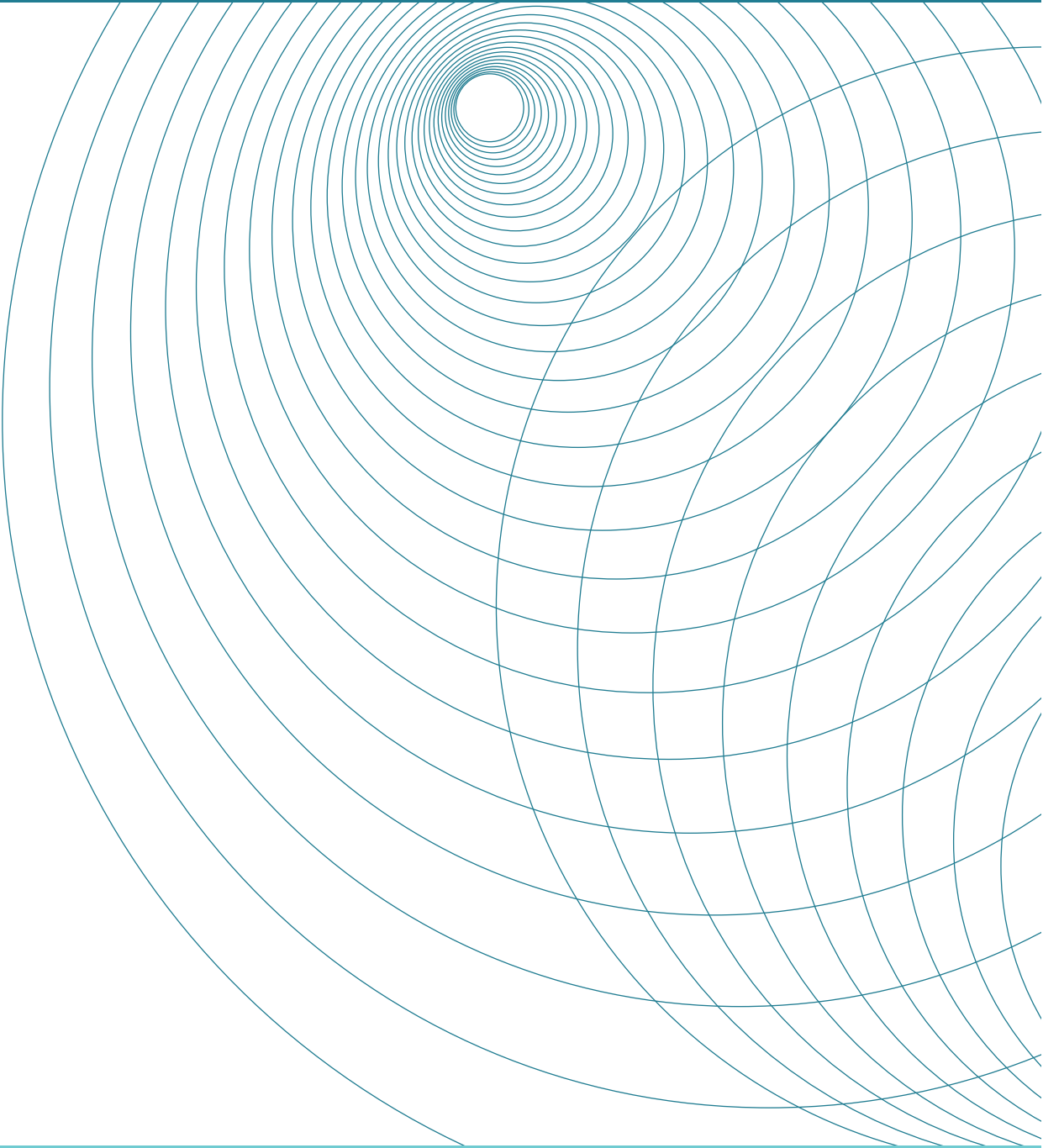

SEMI-ANNUAL REPORT

Nikko AM Shenton Income Fund

Financial period ending 30 June 2023



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

Kiyotaka Ryu
Seet Oon Hui Eleanor

TRUSTEE & REGISTRAR

BNP Paribas Trust Services Singapore Limited
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AUDITORS

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CUSTODIAN

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20 Collyer Quay, #01-01
Singapore 049319

This report is also available on our website (www.nikkoam.com.sg)

PERFORMANCE SUMMARY

Nikko AM Shenton Income Fund (S\$)

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Shenton Income Fund - SGD Class	0.83	2.70	0.34	-1.33	1.09	1.79	3.80

Source: Nikko Asset Management Asia Limited, returns as at a 30 June 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.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Shenton Income Fund - SGD Class	-4.22	-2.43	-4.68	-3.01	0.06	1.27	3.65

Source: Nikko Asset Management Asia Limited, returns as at 30 June 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: 31 January 1989

Nikko AM Shenton Income Fund (US\$)

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Shenton Income Fund - USD Class	-1.00	1.76	3.19	-0.34	1.25	1.13	3.32

Source: Nikko Asset Management Asia Limited, returns as at 30 June 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.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Shenton Income Fund - USD Class	-5.95	-3.33	-1.97	-2.03	0.22	0.61	3.04

Source: Nikko Asset Management Asia Limited, returns as at 30 June 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: 2 August 2004 (US\$ Class)

Note:

With effect from 17 October 2011, the Fund (formerly known as "Shenton Income Fund") has been renamed Nikko AM Shenton Income Fund. With effect from 2 January 2013, there is no benchmark for the fund as it is managed on an absolute return basis. Prior to that, the benchmark was 12-mth Singapore Dollar fixed deposit rate.

Portfolio Review

Fund generates returns of 2.70% in 1H2023

The Nikko AM Shenton Income Fund (the “Fund”) posted a return of 2.70% (in SGD terms, on a NAV-NAV basis) in the six months to end June 2023. As at the end of June 2023, the Fund had 58.18% of its assets invested in Asian local currency bonds, 32.15% invested in investment grade bonds, and 9.19% invested in high-yield (HY) papers. The level of cash and cash equivalents as at the end of the period stood at 0.47%.

Market Review

The US Federal Reserve (Fed) hiked policy rates by 75 bps over the period

US Treasuries (USTs) experienced a volatile period in the first six months of the year. The US Federal Reserve (Fed) continued tightening monetary policy, hiking the Federal Funds Rate by a total of 75 basis points (bps) during the period. UST yields initially trended higher after a strong January jobs report and slower-than-expected pace of disinflation in the US stoked worries that the US central bank could maintain its restrictive monetary policy for longer than initially expected. The swift collapse of Silicon Valley Bank (SVB) in early March prompted an abrupt drop in UST yields. As investors scoured for signs of contagion in the global banking industry, shares and bonds of global banks, including Credit Suisse (CS), plunged. The complete write-down of CS’ Additional Tier 1 bonds (AT1s) initially triggered an outsized negative reaction in the financial community. A semblance of calm was subsequently restored in markets, following assurances by major banking regulators that AT1 securities are placed above common equity instruments in their jurisdictions.

UST yields stayed largely range-bound from April to mid-May. Developments on US debt ceiling negotiations were at the forefront of investor attention during this time, with yields rising as US debt ceiling negotiations moved closer to an agreement. The Fed kept interest rates unchanged in June but communicated it was retaining a tightening bias. In particular, the central bank signalled that two more increases are likely this year as inflation remains elevated. Besides the Fed, other major global central banks including the Bank of England, Bank of Canada and European Central Bank — all of which delivered rate hikes — were likewise hawkish. Meanwhile, key US economic data released towards the end of the period remained largely above the Fed’s comfort zone.

At the end of the period, the benchmark 2-year UST yield was at 4.90%, up 47 bps, while the benchmark 10-year UST yield was at 3.84%, down by about 4 bps as compared to end-December 2022.

Asian local government bond yields ended mostly lower; most Asian currencies weakened against the USD

Yields of Asian local government bonds mostly fell over the period. Relatively higher-yielding government bonds from countries such as Indonesia and the Philippines outperformed. Meanwhile, South Korean and Singapore Government Securities underperformed, given their relatively higher sensitivities to UST moves. Separately, currencies in the region weakened against the US dollar (USD) in the six-month period, as demand for the latter was sustained by the Fed’s continued monetary policy tightening.

Inflationary pressures eased

Easing food inflation prompted key gauges of overall price pressures to mostly moderate in the period. In the latest reading, Singapore’s headline Consumer Price Index (CPI) rose 5.1% year-on-year in May 2023, lower than the 6.5% increase in December 2022. In South Korea, the May 2023 CPI registered 3.3%, moderating significantly from the December 2022 print of 5.0%. Consumer prices in Indonesia rose 4.0% in May 2023, down from 5.51% at the end of last year, returning to within the central bank’s target range of 2–4% earlier than expected. Meanwhile, price pressures in Thailand moderated sharply in the period, to 0.53% from 5.89%, undershooting the Bank of Thailand’s target range of 1–3%.

Central banks took divergent monetary paths

Monetary authorities in the region took divergent monetary paths towards the latter part of the period. Central banks in Malaysia and Thailand raised their respective policy rates by 25 bps each in May 2023. According to Bank Negara Malaysia, resilient domestic demand and the need to pre-empt a buildup of financial imbalance risks warranted the move. Meanwhile, Bank of Thailand declared that a gradual, measured policy normalisation “toward a level consistent with long-term sustainable growth” was still appropriate. Separately, monetary authorities in South Korea, India, Indonesia and the Philippines left policy rates unchanged in the second quarter of 2023. Over in China, the central bank lowered several policy rates in June 2023, following a slew of significantly weak domestic data.

Asia Credits

Asian credits registered gains

Asian credits registered +2.92% in total return, prompted largely by a 4 basis-point tightening in credit spreads and lower UST yields. Asian high-grade (HG) credits outperformed their HY counterparts, gaining 3.07%, as spreads narrowed by about 7 bps. Meanwhile, Asian HY returned +1.99% over the period, despite credit spreads widening by 22 bps.

Asian credit spreads tightened steadily at the start of 2023, buoyed by optimism that the US has moved beyond peak inflation, and on expectations of robust Chinese economic recovery with the effective removal of essentially all COVID restrictions. Chinese policymakers’ resolve to provide additional support for its property sector triggered a significant narrowing in spreads of Chinese property credits. However, the sudden collapse of SVB prompted an abrupt reversal in sentiment. As global banking sector fears ebbed, sovereign bond and credit markets stabilised.

Spreads subsequently stayed range-bound, on the back of mixed, but relatively benign, global macro news. Although China recorded robust first quarter growth, concerns around the sustainability of China’s recovery, together with uncertainty over US monetary policy, weighed on sentiment. Idiosyncratic news on the Chinese technology sector as well as some Chinese HY property companies triggered further weakness in those spaces. Risk tone continued to soften, on concerns around a possible US default and renewed stress in US regional banks. Spreads drifted wider after data suggested China’s growth momentum is rapidly slowing. Meanwhile, the sell-off in Chinese property credits intensified amid negative issuer-specific headlines and softening new housing sales momentum, portending lingering challenges facing the sector.

Sentiment turned positive towards the end of the period, as US debt ceiling negotiations moved closer to an agreement, and speculation mounted about a potential significant stimulus package from Chinese policymakers. Although the Chinese government revived its growth-supportive stance, policy stimulus fell short of expectations. This, together with another default in the China real estate space, prompted another reversal in risk tone, particularly within Chinese credits.

Market Outlook and Strategy

Asia macro and corporate credit fundamentals to stay robust, but valuation somewhat stretched

Macro and corporate credit fundamentals across Asia are expected to stay robust, albeit slightly weaker than in 2022, with resilient domestic demand and the recovery of tourism, particularly in India and ASEAN economies, offsetting the weakness in goods exports. Asian banking systems remain strong, with stable deposit base, robust capitalisation, benign asset quality and improving profitability which will enable Asian banks to withstand the modestly more challenging growth environment ahead.

But we are entering a more uncertain phase with multiple cross currents, both regional and global, at play, including the Fed's next move, developed markets' recession risk, softening of China's recovery momentum as well as ongoing geopolitical tensions. These uncertainties, coupled with the resilience of Asia credit thus far, make the valuation of Asia HG credit looks a bit stretched versus both historical levels as well as developed market spreads. At the same time, more meaningful property easing measures from Chinese authorities are needed to stabilise the Chinese HY market, the delivery of which remains uncertain despite growing expectations. As such, we are biased towards a more cautious risk positioning in the near-term, while acknowledging that favourable technical conditions due to the much lower gross supply this year may keep spreads tight for some time.

Prefer higher-yielding bonds

Headline inflation for most countries in the region has eased considerably, and market focus has shifted to growth. These factors are fuelling increasing expectations of central bank pivots within the latter half of the year. We remain constructive on relatively higher-yielding government bonds, on the back of the supportive macro backdrop for these countries. Our preference for higher-yielders is further grounded on the view that lower-yielding government bonds will be more vulnerable to volatility in US Treasury bonds.

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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) 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 SHENTON INCOME FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial period from 01 January 2023 to 30 June 2023 (unaudited)*

	30 June 2023	30 June 2022
	S\$	S\$
Income		
Dividends	872,707	1,015,728
Interest on cash and cash equivalents	111,481	2,837
Other Income	6,005	19,334
	990,193	1,037,899
Less: Expenses		
Management fee	620,817	743,435
Management fee rebate	(179,949)	(219,306)
Transfer agent fee	22,171	18,026
Custody fee	10,487	9,459
Audit fee	9,779	9,485
Valuation fee	12,417	14,861
Transaction costs	19,642	24,566
Other expenses	20,034	13,102
	535,398	613,628
Net income	454,795	424,271
Net gains or losses on value of investments and financial derivatives		
Net gains/(losses) on investments	2,597,916	(5,223,563)
Net foreign exchange gains/(losses)	442,682	(277,024)
Net losses on financial derivatives	(127,441)	(733,761)
	2,913,157	(6,234,348)
Total return/(deficit) for the financial period before income tax	3,367,952	(5,810,077)
Less: Income tax	(68,304)	(69,444)
Total return/(deficit) for the financial period after income tax	3,299,648	(5,879,521)

NIKKO AM SHENTON INCOME FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF FINANCIAL POSITION***As at 30 June 2023 (unaudited)*

	30 June 2023 S\$	31 December 2022 S\$
ASSETS		
Portfolio of investments	123,451,820	121,265,680
Receivables	120,348	59,989
Cash and cash equivalents	4,652,311	4,025,919
Margin and collateral accounts	286,261	16,870
Financial derivatives at fair value	175,219	1,116,507
Total assets	128,685,959	126,484,965
LIABILITIES		
Payables	599,048	587,429
Purchases awaiting settlement	3,383,364	-
Distributions payable	418,229	415,068
Financial derivatives at fair value	715,378	71,181
Total liabilities	5,116,019	1,073,678
EQUITY		
Net assets attributable to unitholders	123,569,940	125,411,287

NIKKO AM SHENTON INCOME FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial period from 01 January 2023 to 30 June 2023 (unaudited)*

	30 June 2023 S\$	31 December 2022 S\$
Net assets attributable to unitholders at the beginning of the financial period/year	125,411,287	158,344,911
Operations		
Change in net assets attributable to unitholders resulting from operations	3,299,648	(9,173,538)
Unitholders' contributions/(withdrawals)		
Creation of units	5,108,700	11,249,584
Cancellation of units	(7,730,917)	(29,389,757)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(2,622,217)	(18,140,173)
Distributions	(2,518,778)	(5,619,913)
Total decreases in net assets attributable to unitholders	(1,841,347)	(32,933,624)
Net assets attributable to unitholders at the end of the financial period/year	123,569,940	125,411,287

NIKKO AM SHENTON INCOME FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2023 (unaudited)***By Geography (Primary)**

	Holdings at 30 June 2023	Fair value at 30 June 2023 S\$	Percentage of total net assets attributable to unitholders at 30 June 2023 %
Quoted Fixed Income Securities			
AUSTRALIA			
Australia & New Zealand Banking Group Limited 6.742% due 08/12/2032	2,000,000	2,800,825	2.27
Macquarie Bank Limited 4.875% due 10/06/2025	2,000,000	2,622,020	2.12
Macquarie Bank Limited 6.798% due 18/01/2033	1,000,000	1,358,731	1.10
National Australia Bank Limited 6.429% due 12/01/2033	1,000,000	1,371,621	1.11
NSW Electricity Networks Finance Pty Limited 2.543% due 23/09/2030	3,000,000	2,117,604	1.72
Scentre Group Trust 2 4.75% due 24/09/2080	2,000,000	2,426,547	1.96
Total AUSTRALIA		12,697,348	10.28
BRITAIN			
HSBC Holdings Public Listed Company 4.5% due 07/06/2029	2,000,000	2,000,603	1.62
HSBC Holdings Public Listed Company 6.547% due 20/06/2034	1,600,000	2,157,452	1.74
Prudential Funding Asia Public Listed Company 4.875% due 31/12/2049	1,220,000	1,440,253	1.17
Standard Chartered Public Listed Company 1.822% due 23/11/2025	2,000,000	2,531,782	2.05
Standard Chartered Public Listed Company 6.187% due 06/07/2027	2,500,000	3,385,555	2.74
Total BRITAIN		11,515,645	9.32
BRITISH VIRGIN ISLANDS			
Elect Global Investments Limited 4.85% due 31/12/2060	2,000,000	2,111,218	1.71
Huarong Finance 2017 Company Limited 3.8% due 07/11/2025	3,500,000	3,059,560	2.48
Panther Ventures Limited 3.38% due 30/03/2171	3,000,000	2,121,965	1.72
Panther Ventures Limited 3.5% due 31/12/2060	2,000,000	1,763,826	1.43
Phoenix Lead Limited 4.85% due 31/12/2061	2,000,000	2,302,378	1.86
Wing Tai Properties Finance Limited 4.35% due 31/12/2049	1,000,000	869,500	0.70
Total BRITISH VIRGIN ISLANDS		12,228,447	9.90
CAYMAN ISLANDS			
PCGI Intermediate Holdings II Limited 5.5% due 22/11/2024	1,200,000	1,522,750	1.23
Total CAYMAN ISLANDS		1,522,750	1.23
GERMANY			
Commerzbank AG 4.2% due 18/09/2028	2,750,000	2,669,538	2.16
Commerzbank AG 5.7% due 03/05/2033	1,750,000	1,735,187	1.40
Total GERMANY		4,404,725	3.56
HONG KONG SAR			
Bank of East Asia Limited 4% due 29/05/2030	3,000,000	3,751,634	3.04
Total HONG KONG SAR		3,751,634	3.04
INDONESIA			
Bank Tabungan Negara Persero TBK PT 4.2% due 23/01/2025	4,000,000	5,087,115	4.12
Total INDONESIA		5,087,115	4.12

NIKKO AM SHENTON INCOME FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2023 (unaudited)***By Geography (Primary) (continued)**

	Holdings at 30 June 2023	Fair value at 30 June 2023 S\$	Percentage of total net assets attributable to unitholders at 30 June 2023 %
Quoted Fixed Income Securities (continued)			
JAPAN			
Rakuten Group Incorporation 10.25% due 30/11/2024	2,000,000	2,686,359	2.17
Total JAPAN		2,686,359	2.17
MALAYSIA			
Khazanah Global Sukuk Berhad 4.687% due 01/06/2028	830,000	1,109,033	0.90
Total MALAYSIA		1,109,033	0.90
MAURITIUS			
Diamond II Limited 7.95% due 28/07/2026	2,600,000	3,464,368	2.80
Total MAURITIUS		3,464,368	2.80
SINGAPORE			
ESR-Logos REIT 5.5% due 09/12/2170	2,000,000	1,845,940	1.49
Keppel Corporation Limited 2.9% due 16/03/2170	3,000,000	2,772,825	2.24
Mapletree Logistics Trust 5.2074% due 31/12/2049	3,000,000	2,988,195	2.42
Total SINGAPORE		7,606,960	6.15
SUPRANATIONAL			
Asian Infrastructure Investment Bank 4.5% due 29/01/2024	15,000,000,000	1,340,685	1.09
European Bank For Reconstruction & Development 4.25% due 07/02/2028	30,000,000,000	2,543,802	2.06
European Bank For Reconstruction & Development 6.3% due 26/10/2027	100,000,000	1,609,126	1.30
International Finance Corporation 6.3% due 25/11/2024	100,000,000	1,632,288	1.32
Total SUPRANATIONAL		7,125,901	5.77
THAILAND			
Minor International Public Company Limited 2.7% due 31/12/2061	4,000,000	4,883,247	3.95
Thaioil Treasury Center Company Limited 3.5% due 17/10/2049	1,000,000	865,667	0.70
Thaioil Treasury Center Company Limited 4.875% due 23/01/2043	1,000,000	1,108,971	0.90
Total THAILAND		6,857,885	5.55
Accrued interest receivable on quoted fixed income securities		910,442	0.73
Total Quoted Fixed Income Securities		80,968,612	65.52

NIKKO AM SHENTON INCOME FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2023 (unaudited)***By Geography (Primary) (continued)**

	Holdings at 30 June 2023	Fair value at 30 June 2023 S\$	Percentage of total net assets attributable to unitholders at 30 June 2023 %
Quoted Investment Funds			
SINGAPORE			
Nikko AM China Onshore Bond Fund	21,920,208	17,600,058	14.24
Nikko AM Shenton Asia Bond Fund	33,946,999	24,883,150	20.14
Total SINGAPORE		42,483,208	34.38
Total Quoted Investment Funds		42,483,208	34.38
Portfolio of investments		123,451,820	99.90
Other net assets		118,120	0.10
Net assets attributable to unitholders		123,569,940	100.00

NIKKO AM SHENTON INCOME FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2023 (unaudited)***By Geography (Summary)**

	Percentage of total net assets attributable to unitholders at 30 June 2023 %	Percentage of total net assets attributable to unitholders at 31 December 2022 %
Quoted Fixed Income Securities		
Australia	10.28	2.54
Britain	9.32	1.26
British Virgin Islands	9.90	14.63
Cayman Islands	1.23	6.19
Germany	3.56	0.76
Hong Kong SAR	3.04	2.19
Indonesia	4.12	3.55
Isle of Man	-	0.77
Japan	2.17	4.02
Malaysia	0.90	-
Mauritius	2.80	-
New Zealand	-	2.08
Singapore	6.15	7.98
South Korea	-	7.08
Supranational	5.77	1.27
Thailand	5.55	3.75
United States of America	-	3.46
Accrued interest receivables on quoted fixed income securities	0.73	0.78
Total Quoted Fixed Income Securities	65.52	62.31
Quoted Investment Funds		
Singapore	34.38	34.38
Total Quoted Investment Funds	34.38	34.38
Portfolio of investments	99.90	96.69
Other net assets	0.10	3.31
Net assets attributable to unitholders	100.00	100.00

NIKKO AM SHENTON INCOME FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2023 (unaudited)***By Industry (Secondary)**

	Fair value at 30 June 2023 S\$	Percentage of total net assets attributable to unitholders at 30 June 2023 %	Percentage of total net assets attributable to unitholders at 31 December 2022 %
Airlines	-	-	2.18
Banks	31,472,063	25.47	24.53
Debt Funds	42,483,208	34.38	34.38
Diversified Financial Services	-	-	2.05
Electric	5,581,972	4.52	-
Engineering and Construction	5,075,203	4.11	5.65
Insurance	2,963,003	2.40	4.33
Internet	2,686,359	2.17	-
Investment Companies	4,168,593	3.37	-
Lodging	4,883,247	3.95	6.12
Multi-National	7,125,901	5.77	1.27
Oil and Gas	1,974,638	1.60	-
Real Estate	14,127,191	11.43	4.00
Real Estate Investment Trusts (REITS)	-	-	2.38
Sovereign	-	-	7.13
Transportation	-	-	1.89
Accrued interest receivables on quoted fixed income securities	910,442	0.73	0.78
Portfolio of investments	123,451,820	99.90	96.69
Other net assets	118,120	0.10	3.31
Net assets attributable to unitholders	123,569,940	100.00	100.00

NIKKO AM SHENTON INCOME FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***REPORT TO UNITHOLDERS***For the financial period from 01 January 2023 to 30 June 2023 (unaudited)*

The following contains additional information relating to the Fund.

1. Distribution of investments

Please refer to the Statement of Portfolio on pages 10 to 14.

2. Credit rating of debt securities

	Fair value at 30 June 2023 S\$	Percentage of total net assets attributable to unitholders at 30 June 2023 %
Aaa	2,972,973	2.41
A2	3,885,791	3.15
A3	10,467,226	8.47
Baa1	10,867,663	8.79
Baa2	14,733,236	11.92
Baa3	6,379,363	5.16
Ba1	3,059,560	2.48
Ba3	8,551,483	6.92
Not rated	19,140,875	15.49
Accrued interest receivables on quoted fixed income securities	910,442	0.73
Total	80,968,612	65.52

3. Top 10 holdings**10 Largest holdings at 30 June 2023**

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Nikko AM Shenton Asia Bond Fund	24,883,150	20.14
Nikko AM China Onshore Bond Fund	17,600,058	14.24
Bank Tabungan Negara Persero TBK PT 4.2% due 23/01/2025	5,087,115	4.12
Minor International Public Company Limited 2.7% due 31/12/2061	4,883,247	3.95
Bank of East Asia Limited 4% due 29/05/2030	3,751,634	3.04
Diamond II Limited 7.95% due 28/07/2026	3,464,368	2.80
Standard Chartered Public Listed Company 6.187% due 06/07/2027	3,385,555	2.74
Huarong Finance 2017 Company Limited 3.8% due 07/11/2025	3,059,560	2.48
Mapletree Logistics Trust 5.2074% due 31/12/2049	2,988,195	2.42
Australia & New Zealand Banking Group Limited 6.742% due 08/12/2032	2,800,825	2.27

NIKKO AM SHENTON INCOME FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***REPORT TO UNITHOLDERS***For the financial period from 01 January 2023 to 30 June 2023 (unaudited)***3. Top 10 holdings (continued)**

10 Largest holdings at 30 June 2022

	Fair value S\$	Percentage of total net assets attributable to unitholders at %
Nikko AM Shenton Asia Bond Fund	28,678,886	20.14
Nikko AM China Onshore Bond Fund	22,357,050	15.70
Bank Tabungan Negara Persero TBK PT 4.2% due 23/01/2025	4,807,841	3.38
KB Kookmin Card Company Limited 4% due 09/06/2025	3,317,509	2.33
Monetary Authority of Singapore Bill 0% due 19/08/2022	2,992,035	2.10
Keppel Corporation Limited 2.9% due 16/03/2170	2,827,555	1.99
Fraser's Property AHL Limited 3% due 09/10/2028	2,801,515	1.97
Celestial Miles Limited 5.75% due 31/12/2049	2,787,737	1.96
Indonesia Asahan Aluminium Persero PT 4.75% due 15/05/2025	2,769,478	1.94
Huarong Finance 2019 Company Limited 2.63143% due 24/02/2023	2,735,590	1.92

4. Exposure to financial derivatives

	Fair value at 30 June 2023 S\$	Percentage of total net assets attributable to unitholders at 30 June 2023 %	Unrealised gains/(losses) S\$	Realised gains/(losses) S\$
Forward foreign exchange contracts	(533,646)	(0.43)	(533,646)	472,310
Futures contracts	(6,513)	(0.01)	(6,513)	(59,592)

NIKKO AM SHENTON INCOME FUND

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

REPORT TO UNITHOLDERS

For the financial period from 01 January 2023 to 30 June 2023 (unaudited)

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 accounts

	30 June 2023 S\$	31 December 2022 S\$
Margin accounts	286,261	16,870

Margin accounts represents margin deposits held in respect of open exchange-traded futures contracts held with BNP Paribas, acting through its Singapore Branch. As of 31 December 2022, there was no open exchange-traded futures.

7. Securities lending or repurchase transactions

Nil.

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

Please refer to the Statement of Portfolio on pages 10 to 14.

9. Borrowings

Nil.

10. Amount of units created and cancelled for the financial period ended 30 June 2023

	S\$
Units created	5,108,700
Units cancelled	(7,730,917)

NIKKO AM SHENTON INCOME FUND

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

REPORT TO UNITHOLDERS

For the financial period from 01 January 2023 to 30 June 2023 (unaudited)

11. Turnover ratio

		30 June 2023	30 June 2022
Lower of total value of purchases or sales	S\$	107,486,542	147,055,058
Average daily net asset value	S\$	125,173,904	149,777,248
Total turnover ratio¹	%	85.87	98.18

¹ 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.

12. Expense ratio

		30 June 2023	30 June 2022
<u>SGD Class</u>			
Total operating expenses	S\$	1,036,067	1,225,460
Average daily net asset value	S\$	126,978,011	152,956,112
Total expense ratio²			
(including Underlying Funds' expense ratio)	%	1.27	1.22
Weighted average of the Underlying Funds' unaudited expense ratio	%	0.45	0.42
<u>USD Class</u>			
Total operating expenses	S\$	17,308	19,360
Average daily net asset value	S\$	2,118,483	2,417,000
Total expense ratio²			
(including Underlying Funds' expense ratio)	%	1.27	1.22
Weighted average of the Underlying Funds' unaudited expense ratio	%	0.45	0.42

² The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). This is the sum of the Fund's expense ratio and the weighted average of the Underlying Funds' unaudited expense ratio. The calculation of the expense ratio at financial period 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.

NIKKO AM SHENTON INCOME FUND

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

REPORT TO UNITHOLDERS

For the financial period from 01 January 2023 to 30 June 2023 (unaudited)

13. Related party transactions

The Manager of the Fund is Nikko Asset Management Asia Limited, a subsidiary of Nikko Asset Management International Limited. The Trustee of the Fund is BNP Paribas Trust Services Singapore Limited (the "Trustee").

Management fee is payable to the Manager. Trustee fee is payable out of management fees by Nikko Asset Management Asia Limited to BNP Paribas Trust Services Singapore Limited. Custody fee and valuation fee are payable to a related company of the Trustee, 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.

In addition to related party information shown elsewhere in the financial statements (including the Statement of Portfolio), the following significant transactions took place during the financial period between the Fund and a related party at terms agreed between the parties and within the provisions of the Deeds:

	30 June 2023 S\$	31 December 2022 S\$
Bank balances held with related party of the Trustee	4,652,311	4,025,919
Margin accounts held with related party of the Trustee	286,261	16,870

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 currently do not receive or enter into any soft dollar commissions or arrangements.

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