

# SEMI-ANNUAL REPORT

For the financial period ending 30 June 2019

**Nikko AM Shenton  
Horizon Investment Funds**

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## 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>
Horizon Global Bond Fund (S\$ Hedged) - SGD Class	2.13	4.83	4.56	1.65	2.50	3.95	2.47
Barcap Global Aggregate Index (SGD Hedged)	2.76	5.65	7.05	2.46	3.83	4.33	4.14
Nikko AM Global Dividend Equity Fund - SGD Hedged (Acc) Class	2.44	11.12	0.31	6.71	2.27	6.47	1.32
Horizon Singapore Fixed Income Enhanced Fund	0.92	1.39	4.37	1.55	2.16	2.90	2.16
Markit iBoxx ALBI Singapore Government Bond Index	0.98	1.09	5.38	1.82	2.62	2.57	2.60
Singapore Dividend Equity Fund - SGD Class	2.66	10.58	4.78	8.91	4.32	8.80	4.20

Source: Nikko Asset Management Asia Limited & Russell Investment Group Pte Ltd, & Markit Indices Limited. Returns as at 30 June 2019. 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>
Horizon Global Bond Fund (S\$ Hedged) - SGD Class	-2.97	-0.41	-0.67	-0.07	1.45	3.42	2.21
Barcap Global Aggregate Index (SGD Hedged)	2.76	5.65	7.05	2.46	3.83	4.33	4.14
Nikko AM Global Dividend Equity Fund - SGD Hedged (Acc) Class	-2.68	5.56	-4.71	4.90	1.23	5.92	1.06
Horizon Singapore Fixed Income Enhanced Fund	-4.12	-3.68	-0.85	-0.17	1.12	2.37	1.90
Markit iBoxx ALBI Singapore Government Bond Index	0.98	1.09	5.38	1.82	2.62	2.57	2.60
Singapore Dividend Equity Fund - SGD Class	-2.48	5.05	-0.46	7.06	3.26	8.25	3.93

Source: Nikko Asset Management Asia Limited & Russell Investment Group Pte Ltd, & Markit Indices Limited. Returns as at 30 June 2019. 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 Global Dividend Equity Fund - USD (Acc) Class	2.69	11.47	0.61	6.65	1.63	7.54	2.78
Singapore Dividend Equity Fund - USD Class	2.80	11.45	5.59	8.71	2.62	9.55	5.59

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2019. 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 Global Dividend Equity Fund - USD (Acc) Class	-2.44	5.90	-4.42	4.84	0.59	6.99	2.52
Singapore Dividend Equity Fund - USD Class	-2.34	5.87	0.31	6.87	1.57	8.98	5.32

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2019. 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 1999**

<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>
Singapore Dividend Equity Fund - JPY Class	0.28	9.89	3.65	11.56	4.80	N/A	5.77

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2019. 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>
Singapore Dividend Equity Fund - JPY Class	-4.73	4.39	-1.53	9.67	3.73	N/A	4.87

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2019. 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: 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>
Singapore Dividend Equity Fund - MYR Class	4.08	11.60	8.05	9.63	N/A	N/A	10.57

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2019. Returns are calculated on a NAV-NAV basis, MYR, 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>
Singapore Dividend Equity Fund - MYR Class	-1.13	6.02	2.65	7.77	N/A	N/A	8.84

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2019. Returns are calculated on a NAV-NAV basis, MYR, 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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**Inception date: 29 March 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 Global Dividend Equity Fund - SGD Hedged (Dist) Class	2.37	10.97	0.19	6.74	2.27	N/A	3.50

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2019. 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 Global Dividend Equity Fund - SGD Hedged (Dist) Class	-2.75	5.42	-4.82	4.93	1.23	N/A	2.50

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2019. 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 March 2014**

<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 Global Dividend Equity Fund - CNH Hedged (Dist) Class	2.59	11.05	-0.96	6.69	2.58	N/A	3.12

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2019. Returns are calculated on a NAV-NAV basis, CNH, 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 Global Dividend Equity Fund - CNH Hedged (Dist) Class	-2.54	5.50	-5.91	4.89	1.53	N/A	2.12

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2019. Returns are calculated on a NAV-NAV basis, CNH, 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 2014****Note:**

- (1) With effect from 17 October 2011, the umbrella unit trust (formerly known as "Horizon Investment Funds") has been renamed Nikko AM Shenton Horizon Investment Funds.
- (2) With effect from 20 February 2012, Horizon Singapore Equity Fund has been renamed Singapore Dividend Equity Fund.
- (3) With effect from 16 December 2013, Horizon Global Equity Fund was reshaped to Nikko AM Global Dividend Equity Fund.
- (4) With effect from 6 February 2015, Horizon U.S. Equity Fund was terminated.
- (5) With effect from 30 September 2015, Horizon Asia ex-Japan Equity Fund was terminated.
- (6) With effect from 28 October 2015, the appointment of Russell Investment Group Private Limited as the investment adviser for the Horizon Global Bond Fund (S\$ Hedged); Horizon European Equity Fund; Singapore Dividend Equity Fund and Horizon Singapore Fixed Income Enhanced Fund was terminated.

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- (7) With effect from 27 October 2016, Horizon European Equity Fund was terminated.
- (8) With effect from 1 December 2016, the appointment of Kleinwort Benson Investors Dublin Ltd (“Kleinwort Benson”) as the sub-managers for the Nikko AM Global Dividend Equity Fund was terminated and Nikko Asset Management Europe Ltd (“NAM Europe”) has been appointed as the sub-managers for the Nikko AM Global Dividend Equity Fund.

With effect from November 2008, the benchmark for the Horizon Global Bond Fund (S\$ Hedged) is renamed as Barclays Capital (“Barcap”) Global Aggregate Index, S\$ Hedged. Previously, it was known as Lehman Brothers’ Global Aggregate (SGD Hedged) Index.

With effect from 1 December 2016, the benchmark for the Nikko AM Global Dividend Equity Fund (i.e. MSCI All Country World Index, USD base) has been removed and there will be no benchmark for this 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 16 December 2013, the reference benchmark was a composite of Russell 1000® Net 30% Index; FTSE All Share Index; TOPIX Dividend Included Index; Russell Developed Europe ex-UK Large Cap Index (net); and Russell Asia Pacific ex Japan (All cap) Index, according to their regional weights from time to time.

With effect from 1 June 2017, the benchmark for the Horizon Singapore Fixed Income Enhanced Fund was changed to Markit iBoxx ALBI Singapore Government Bond Index. Prior to 1 June 2017, the benchmark was UOB Singapore Government Bond All Index. Prior to August 2006, the benchmark was 3-month Singapore Interbank Bid Rate (SIBID).

With effect from 1 November 2017, the benchmark for the Singapore Dividend Equity Fund (i.e. Straits Times Index) was removed and there will no longer be any benchmark for the Fund. This is because pursuant to the investment objective of this Fund, this Fund is managed on a total return basis and as such, it does not seek to outperform any benchmark. Prior to 1 July 2001, the benchmark was DBS 50 Index.

The Markit iBoxx ALBI Singapore Government Bond All Index referenced herein is the property of Markit Indices Limited and is used under license. The Horizon Singapore Fixed Income Enhanced Fund - SGD Class is not sponsored, endorsed, or promoted by Markit Indices Limited.

## **Nikko AM Global Dividend Equity Fund**

### **Portfolio Review**

#### ***Fund returned 11.12% in SGD hedged terms in 1H19***

For the six months ended 30 June 2019, the Nikko AM Global Dividend Equity Fund (the “Fund”) posted a return of 11.12% (SGD hedged terms, on a NAV-NAV basis).

There was a bout of mergers and acquisitions (M&A) across sectors and regions which the portfolio benefited from. Altran, the global leader in research & development (R&D) consulting, received a cash bid from its bigger neighbour and leader in core IT consulting, Cap Gemini. The deal has the blessing of both management teams and was set at a 30% premium above the last three month’s average. We initiated the holding in Altran earlier in the year as our confidence in the business model and management grew. That conviction appears to have been rewarded.

Unfortunately the positive impact from M&A was offset by both Abbvie’s bid for the Botox maker, Allergan and Occidental’s bid for Anadarko. The market took the news of both deals badly, despite the long term rationale provided by their respective management teams.

Other disappointing performance came from poor trading and pricing pressure at Sinopharm and inclement weather patterns for the US amusement operator, Six Flags. The fund also suffered from an investigation into money laundering at Swedbank.

Most defensive sectors underperformed with Healthcare being the worst by quite a margin. The scale of the underperformance was perhaps a function of the rise of healthcare funding as a 2020 US election debating topic.

The most notable performance in terms of region came from the GEM regions and Japan - which rose less than 10% in USD terms over the period. This was in stark contrast to Australasia, which delivered 28.0% return.

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With regards to the portfolio, our stock picking drives the overall shape of positioning with respect to geographies or sectors. Over the years these stock picks have continued to be reasonably dispersed across sectors and geographies and the six month period to June was no exception.

## **Market Review**

### ***High dividend equities gained in 1H19***

Higher yielding equities around the world performed well over the six months to end June 2019, though underperforming the MSCI AC World Index, which rose by 16.23% in USD terms over the same period. Technology retained its leadership across regions and markets despite questions about data privacy and their perceived market dominance.

Interestingly economic data generally weakened over the period as the impact from the trade war between the US and China took hold and supply chains were disrupted and consumer confidence dented.

The tightening in US interest rates which we experienced in 2018 came to a halt and markets started to predict an easing cycle which at first looked unlikely but now appears imminent. Higher real rates have helped strengthen the US dollar and in turn put pressure on Emerging Market currencies and their equity markets.

Politics has never been far from the headlines and rarely in a good way. Osaka hosted the 14th meeting of the G20 and G7 countries and there was hope that the two super powers of the USA and China would reach an agreement on their differences. However, it is likely that the current rhetoric between the two nations in respect to tariff posturing is superficial when compared to the ideological differences between them and the likely long term 'cold war' based on a race for technological advantage. We perceive the changes to be longer term in nature.

Given these differences, it is all the more surprising that markets are at highs despite disappointing results and lower guidance in a number of sectors. General stock market performance has been driven by a narrowing band of growth companies, many of which reside in the technology sector. Although leadership from this cohort of stocks may not quite be at extremes yet, we are cognizant that it is a question of when there is change and not if. Increased regulation, pressure on data protection and privacy, among other developments, suggest that ingredients for change are in place, if not yet in full swing.

## **Market Outlook and Strategy**

### ***Focus primarily on companies with Future Quality attributes***

Our primary focus remains to seek companies that deliver superior returns over the longer term and we do this by picking companies that meet our criteria for their sustained ability to pay a significant and growing income to investors. One of the key principles remains a comprehensive understanding of the quality of our stocks' business franchise – its sources of competitive advantage and what this should mean for their pricing power.

The outlook for higher yielding equities globally remains linked to the likely path of interest rates around the world. Trade tensions and the potentially inflationary implications from rising tariffs in the near term must be weighed against the potential for slower economic growth as the impact of such trade restrictions and tighter policy in a maturing cycle are felt more keenly. At the time of writing, it appears that rates are set to fall aggressively as growth predictions turn around.

Our focus remains on the sustainability of the income generated by the companies in which we invest and we believe our focus on the franchise quality, management and strong balance sheets will protect future income streams.

We remain excited about the businesses held in the portfolio, due to their unique drivers or exposure to areas of growth such as the expanding middle classes in the Emerging Markets or the world's need for greater affordable healthcare for an ageing society. In fact, healthcare remains the area we see greatest potential for gains. Although the election noise around healthcare provision is likely to increase over the coming 12 months, our focus remains on those solving the structural problem of expensive healthcare provision. Over the long term we remain convinced our conviction will be rewarded.

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We continue to stay away from unproven, less well known business models as we feel it is too early to be invested in somewhat experimental technology. Examples of this are autonomous vehicles, which are still in the rudimentary stages of development and return. Moreover, industry structures remain unclear. Hence we stick to our narrative – focusing on Future Quality – companies with moats, strong balance sheets and run by management teams we trust.

Over the long term, we believe our focus on the franchise quality, strong responsible management and robust balance sheets will protect future dividend income streams while also allowing for the compounding cashflow growth that will drive the capital returns our clients are after.

## **Singapore Dividend Equity Fund**

### **Portfolio Review**

#### ***Fund gained 10.58% in SGD terms in 1H19***

For the six months ended 30 June 2019, the Singapore Dividend Equity Fund (the “Fund”) posted a return of 10.58% (SGD terms, on a NAV-NAV basis). The Fund’s holdings in DBS, Thai Beverage and ST Engineering were the key contributors to absolute returns over the year. Conversely, the holdings in Japfa Ltd, Yanlord Land and Genting Singapore detracted from performance.

### **Market Review**

#### ***The Straits Times Index surged in 1H 2019***

Notwithstanding the incessant news flow and developments regarding the US-China trade conflicts as well as the persistent concerns about the slowing global economy, the Straits Times Index (STI) still managed to turn in respectable gains of 10.51% on a total return basis in 1H 2019.

For most months over the half-year period (except for the dismal May, when US-China trade dispute flared up), market sentiment was generally positive due to optimism that the two largest economies in the world would reach a much-needed compromise in their protracted negotiations to end the ongoing trade spat.

Singapore equities were also lifted by the incrementally dovish stance of the US Federal Reserve (Fed), the European Central Bank (ECB) and other major central banks. In a surprise move, the Fed abandoned projections for any interest rate hikes in 1Q 2019 and subsequently signalled its intention to cut rates towards the end of 2Q 2019 to prevent the US-China trade war from stalling growth. Likewise, the ECB indicated that it was prepared to cut policy rates if economic growth in the Eurozone weakens going forward.

The market uptrend over the six-month period, however, wasn’t all smooth sailing. Singapore equities had to withstand the market turbulence in May, when US-China trade talks abruptly broke down between the two nations, which subsequently hurled fresh tariff measures at each other. Nonetheless, a scheduled meeting between US President Donald Trump and Chinese President Xi Jinping at the June-end G20 Summit in Osaka led to a relief rally at the end of 1H 2019 on hopes that US-China trade talks would resume. The Trump-Xi meeting didn’t disappoint markets with the US and China agreeing to a temporary trade truce plus the resumption of trade talks.

All in all, despite the market volatility, Singapore stocks posted one of the best half-yearly returns in recent years in 1H 2019. At the sector level, information technology and consumer staples were the best-performing Singapore equity segments, while consumer discretionary and industrials lagged over the six-month period.

Of the 30 component stocks in the STI, Thai Beverage, ComfortDelGro Corp and Yangzijiang Shipbuilding were the top gainers in 1H 2019, surging 39.13%, 26.68% and 26.65% respectively. At the other end of the performance spectrum, Dairy Farm International, Jardine Matheson Holdings and SembCorp Industries were the three worst performing STI stocks over the period, slumping 20.04%, 8.32% and 4.43% respectively.

#### ***Monetary Authority of Singapore (MAS) maintained its FX policy***

The MAS kept monetary policy setting unchanged in April, after two consecutive slight increases in the pace of SGD Nominal Effective Exchange Rate appreciation. It explained that growth has eased and noted that inflationary pressures



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“are mild and should remain contained.” The MAS also downgraded its 2019 forecast range for core inflation to between 1% and 2% (from 1.5% to 2.5%).

### ***Polymakers downgraded the full-year growth forecast***

The Singapore economy saw year-on-year (YoY) growth of 1.2% in the first three months of 2019. The final reading registered a notch lower than the advance estimate of 1.3%, and represented the lowest growth rate in close to 10 years. Notably, contraction in manufacturing sector growth was the main driver of the slowdown. Following release of the final GDP reading, the Ministry of Trade and Industry narrowed its full-year growth forecast to between 1.5% and 2.5%, from an earlier range of 1.5% to 3.5%, citing worsening external conditions. According to the ministry, global growth outlook “remains clouded by uncertainties and downside risks” – citing factors which include trade tensions between the US and China, slower-than-expected growth in China, and the delay in Brexit.

### ***NODX growth contracted further; industrial production dropped anew***

Meanwhile, weak Non-Oil Domestic Exports (NODX) and worsening factory output growth numbers over the period pinpointed to a continuation of the externally-led slowdown. Of late, the contraction in NODX worsened in May. NODX growth declined 15.9% YoY – the most since February 2013, as electronics exports plummeted 31.4%. The latter was caused by a marked decline in shipments of integrated circuits (ICs), disk media products and parts of ICs. Non-electronic exports also declined but by a much milder 10.8%. Factory output in May also contracted. Industrial production growth was down 2.4% YoY in the month, following the 0.1% rise in April. As was the case for NODX growth, the key drag was the slump in the electronics sector.

## **Market Outlook and Strategy**

### ***Positive on ‘New Singapore’ stocks and dividend counters***

In the wake of the heightened trade US-China tensions, the Singapore economy has weakened more than we had expected, with economic growth slowing down to 0.1% YoY in 2Q19, based on advanced estimates. The slowdown is cushioned by a dovish US Fed, and as is increasingly likely, monetary loosening by the MAS as well. On the back of a weak 2Q 2019, we now think that Singapore economic growth for 2019 will come in at around 1%. Against this backdrop, it is likely that earnings expectations will continue to be cut, with downside risk to our current expectation of 3-5% growth.

Nonetheless, we see several reasons to be sanguine. In the last economic downturn of 2015-2016, the oil & gas sector was badly affected, spilling over to credit risks for the Singapore banks. This time, there isn’t a major impact on any specific sector with a significant stock market representation. In 2015-2016, the US Fed had just entered its tightening cycle, which also led to higher interest rates in Singapore. In 2019, it is about to enter a loosening cycle. Lastly, valuations for the Singapore market are not stretched. Valuations are higher than during the 2016 low, but this may be justified by the more benign impact of the current downturn on specific sectors.

Amidst the current uncertainties, we continue to believe that the most prudent investment strategy is to maintain our focus on bottom-up stock selections, especially in structural ideas. As such, we remain positive on “New Singapore” stocks, which represent the future economy of Singapore. These tend to be in sectors like technology, data centres, healthcare, logistics, tourism and consumer services. We continue to like corporate restructuring candidates, which are companies looking to reorganise or reinvent their business models in order to be more relevant in the future economy.

With the current dovish monetary environment, we are more assured about investing in dividend stocks, especially where dividends are supported by healthy and structural earnings growth. In addition, we continue to believe that dividend expectations for Singapore corporates will be more resilient than earnings estimates, a testament to the quality of their underlying earnings, cash flows and balance sheets. Forward dividend yields also remain one of the most attractive in the Asian region, highlighting the importance of dividends as part of the total return equation for investing in Singapore stocks.

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## **Horizon Singapore Fixed Income Enhanced Fund**

### **Portfolio Review**

#### ***Fund outperformed the benchmark in 1H2019***

The Horizon Singapore Fixed Income Enhanced Fund (the "Fund") posted a return of 1.39% (in SGD terms, on a NAV-NAV basis) in the six months to end June 2019. The Fund outperformed its benchmark, the Markit iBoxx ALBI Singapore Government Bond Index, which returned 1.09% (SGD terms) during the period. The Fund's statutory board and corporate holdings contributed positively to the performance.

### **Market Review**

#### ***Singapore government debt underperformed US Treasuries (USTs) in the first half of 2019***

There was a sizable drop in UST yields over the period, prompted mainly by the US Federal Reserve's (Fed) policy shift. Steep gains in the first quarter was triggered by the Federal Open Market Committee's slashing of its median forecast from two hikes for the year to zero and announcing an intention to halt balance sheet shrinkage by September. Expectations for a US Fed rate cut grew stronger as the period progressed, on the back of negative trade headlines and subsequent US economic data suggesting that the trend in jobs growth has downshifted. The US Fed then signalled that it was poised to ease, and European Central Bank (ECB) President Mario Draghi commented that "additional stimulus" may be announced in the absence of any improvement in growth and inflation. The dovish comments pushed the benchmark 10-year UST yield to a low of 1.97%. Notably, the announcement towards end-June that US President Donald Trump and Chinese President Xi Jinping agreed to meet at the G20 summit in Osaka had little impact on UST yields. At the end of the period, 2-year and 10-year yields were at 1.76% and 2% respectively, about 73 basis points (bps) and 68bps lower compared to end-December 2018.

The performance of Singapore Government Securities (SGS) lagged their UST counterparts in the period. Concerns about increased debt supply from Singapore government bodies, and markets' paring back expectations of Monetary Authority of Singapore (MAS) tightening were some factors that weighed on SGS demand in the first half of the period. Subsequently, higher SGS issuance in the pipeline detracted demand for the space. 2-year and 10-year SGS ended the first half of the year at 1.63% and 1.99% respectively, about 23bps and 4bps lower compared to end-December. Government bonds underperformed non-government securities in the period, with the Markit iBoxx ALBI Singapore Govt TRI Index returning 1.08%, compared to the 2.15% returns for the Markit iBoxx ALBI Singapore Non-Govt TRI Index.

#### ***Singapore economy grew 1.2% in the first quarter of 2019***

The Singapore economy saw 1.2% growth in the first three months of 2019. The reading represented the lowest growth rate in close to 10 years. Notably, contraction in manufacturing sector growth was the main driver of the slowdown. Following release of the GDP reading, the Ministry of Trade and Industry narrowed its full-year growth forecast to between 1.5% and 2.5%, from an earlier range of 1.5% to 3.5%, citing worsening external conditions. According to the ministry, global growth outlook "remains clouded by uncertainties and downside risks" – citing factors which include trade tensions between the US and China, slower-than-expected growth in China, and the delay in Brexit.

#### ***MAS maintained its FX policy***

The MAS kept monetary policy setting unchanged in April, after two consecutive slight increases in the pace of SGDNEER appreciation. It explained that growth has eased and noted that inflationary pressures "are mild and should remain contained." The MAS also downgraded its 2019 forecast range for core inflation to between 1% and 2% (from 1.5% to 2.5%), but maintained its GDP growth projection below the midpoint of its 1.5% to 3.5% forecast range.

#### ***Core inflation moderated; Non-Oil Domestic Exports (NODX) and Manufacturing growths printed weak***

Core inflation moderated in the period, prompted in part by lower costs of electricity and gas. In contrast, headline inflation accelerated, on the back of more modest declines in accommodation costs and higher private transport costs. According to policymakers, external sources of inflation are "likely to be benign" for the rest of the year. Separately, NODX and factory output growth numbers released over the period suggest that the externally-led slowdown continues. Save for February, NODX growth registered Year-on-Year contractions in all months until May. Weakness in factory output was more muted, with the latest reading showing a contraction of 2.4% in May. Weakness in the electronics sector was the key drag for both indicators in the period.

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## **Market Outlook and Strategy**

### ***Maintain a 'neutral' view on SGS***

The short end of the SGS yield curve rallied as the SGS market mirrored a sudden swing in Fed expectations towards rate cuts. The bull flattening was mostly up to the belly of both yield curves with USTs once again mostly outperforming. The US-China trade truce concluded at the G20 summit in end-June could stabilise global trade and spur growth, albeit full resolution remains subject to challenging negotiations. With tempered uncertainty and a moderate growth-inflation mix, we maintain our 'neutral' view on SGS.

### ***Switch to a 'neutral' view on SGD***

USD appreciation reversed towards the end of the period as expectations of Fed cuts were priced in to global markets. The SGDNEER continued to bounce around the upper half of the assumed trading band and USDSGD forwards also pointed to FX market expectations of moderate SGD appreciation relative to the start of the year. Though the Singapore economy remains exposed to global weakness, post-G20 should see some near-term stability. There, we change our SGD view back to 'neutral'.

## **Horizon Global Bond Fund (S\$ Hedged)**

### **Portfolio Review**

#### ***Fund underperformed the benchmark in 1H2019***

The Horizon Global Bond Fund (S\$ Hedged) (the "Fund") posted a return of 4.83% (in SGD terms, on a NAV-NAV basis) in the six months to end June 2019, underperforming the benchmark which returned 5.65%.

The Fund finished slightly behind the benchmark in the first quarter of 2019. Credit positioning drove performance, notably through the overweight to investment grade financials and high yield corporates. However, the underweight to investment grade industrials and utilities were slight headwinds. Active currency positioning was also additive through the overweight to the Mexican peso and underweight to the Swiss franc, euro and Hungarian forint. The overweight to the Swedish krone and Japanese yen were slight detractors. In rates positioning, the overweight to US, Mexican and New Zealand rates added some meaningful gains. However, these were offset by the underweight to rates in France, UK and Japan.

The Fund finished slightly behind the benchmark in the second quarter of 2019. Rates positioning drove performance, notably through the overweight to US and Brazilian rates. An underweight in Germany was a slight detractor. Within credit, an overweight to investment grade financials, non-agency Residential Mortgage Backed Securities (RMBS) as well as an underweight to agency RMBS proved beneficial. An underweight to government-related securities had a negative effect. In active currency positioning, an overweight to the British pound and underweights to the Swiss franc and Thai baht, offset the gains generated through the overweight to the Japanese yen and Mexican peso, as well as underweight to the New Zealand dollar.

### **Market Review**

The Bloomberg Barclays Global Aggregate Bond Index (USDH) increased 3.0% in the first quarter of 2019. Global sovereign yields fell on the back of concerns over slowing economic growth. Moreover, the Federal Reserve (Fed) cemented its dovish position whilst the European Central Bank (ECB) brought back stimulus. Meanwhile, the Bank of England (BoE) continued to contend with Brexit. Over the period, the US Dollar (USD) and oil prices also strengthened.

Global Investment Grade (IG) credit spreads tightened by 26 basis points (bps) to 115. In the US, a dovish Fed, strong oil prices and optimism over a trade accord between the US and China, boosted corporate high yield (-135bps to 391) and IG credit (-30bps to 113) returns. Across the pond however, the UK has been left to decide whether to seek a longer extension to Article 50 or leave the EU without a deal on April 12th. This comes as Theresa May's Brexit deal was rejected for a third time in the House of Commons. Further headwinds in Europe came in the form of moderating economic data and the upcoming elections in Spain. However, a supportive ECB bolstered European corporate high yield (-120bps to 377) and IG credit (-22bps to 106) spreads. In corporate bond market news, new issuance in the first quarter remained robust with Broadcom (\$11 billion) and Altria Group (\$11.5 billion) bringing some of the biggest deals thus far to the markets this year.

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In Emerging Market Debt (EMD), local EMD increased 2.9%. Hard currency EMD rose 6.6% and corporate EMD climbed 5.2% over the period in USD terms.

The Bloomberg Barclays Global Aggregate Bond Index (USDH) returned 2.9% in the second quarter of 2019. G4 central banks grew more dovish amid slowing economic growth, whilst global trade tensions heightened investor fears. These fears were contained slightly towards the end of the quarter. The political environment in Europe continued to change, whilst oil prices stabilised and the USD weakened.

In the US, the Fed explained that there are concerns about lower inflation and generally moderating economic data. Thus, Fed Chairman Powell commented that due to higher risks to the economic outlook, the Fed remained “prepared to use [its] policy tools to support activity as needed” – fuelling expectation of a near term rate cut. Combined with lingering global trade uncertainty, the 10-year Treasury yield declined by 40bps to 2.01%.

Across the pond, the BoE clarified that it was ready to implement some form of economic stimulus in case of a no-deal Brexit. Similarly, ECB President Draghi suggested additional eurozone stimulus could be necessary as “indicators for the coming quarters point to lingering softness” in inflation.

Global IG credit spreads tightened by 6bps to 109. In the US, trade war concerns fuelled a broad-based risk-off environment. However, sentiment improved on hopes that the US and China would restart trade negotiations when the nation’s leaders meet at the G20 summit at the end of the quarter. This factor, combined with stabilising oil prices, led to slight tightening of corporate high yield (-14bps to 377) and IG credit (-4bps to 109) spreads over the period. In the UK, Prime Minister Theresa May resigned as prime minister in early June, paving the way for a new UK prime minister to pick up the mammoth task of delivering Brexit and reuniting a fragmented party – which was further hit in local elections. Meanwhile, in the European Parliamentary elections, parties that traditionally represented the middle ground, lost a notable number of seats. However, the ECB committed itself to actively supporting a slowing eurozone economy, which boosted European corporate high yield (-70bps to 307) markets. European IG credit (-9bps to 97) spreads tightened marginally. In corporate bond market news, new issuance remained robust with one notable deal coming from financial services technology company, Fiserv, which brought \$9.0 billion to the markets.

In EMD, local EMD increased 5.6%. Hard currency EMD returned 3.8% and corporate EMD climbed 3.5% over the period in USD terms.

### **Market Outlook and Strategy**

Our view is that the global economy is late in the business cycle, but we are not yet at the end of the cycle. Evidence of this is found in the continued inversion in the US 3M/10Y yield curve (albeit not in the traditional yield curve measure of the 2Y/10Y spread), as well as the shift towards a materially more dovish tone by the Fed. Our expectations are that central banks will deliver on their dovish rhetoric, bringing interest rates lower across the curve.

Valuations have retraced to levels that are marginally on the expensive side. In terms of cyclical considerations, growth expectations have become somewhat more muted in both the US and in Europe. However, this has been largely offset by the shift in central bank rhetoric, which will buoy demand for credit. However, we remain cautious on corporate debt in general, particularly given high levels of corporate leverage in the system.

Given these watchpoints in corporate debt, our preference in the credit market continues to be in the securitised sector, particularly non-agency mortgages. Despite softening house price appreciation and some affordability concerns, this has all but been abated with the lower yields driving lower mortgage rates. All this bodes well as prepayments and recoveries are occurring at a solid pace.

Sentiment has improved and demand for credit is healthy across both investment grade and high yield markets. From a cycle perspective, the return of the goldilocks environment should bode well for credit investors picking up additional yield. However, we still remain cautious due to the asymmetric risks inherent in late cycle investing. Continued bouts of volatility are likely as is an increase in issuer performance dispersion.

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We also continue to have a favourable view on local currency emerging market debt, as the currencies are attractive on a valuation basis. Likewise, rates are also relatively cheap when compared to developed market rates. Furthermore, the dovish backdrop for interest rates should set the scene for a weaker USD and provide a modest tailwind for EM yields. Lastly, consensus long positions in the asset class has largely cleared.

We believe longer term bonds will generate higher returns compared to shorter term bonds or cash. These higher returns result from expectations of future interest rates, liquidity preferences and practical constraints on borrowers and lenders. This set of strategic factors have added to performance due to tactical positioning. We also believe that bonds with credit risk will generate higher returns than those of comparable high quality government securities over a market cycle. This strategic factor added to performance.

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The Nikko AM Shenton Horizon Investment Funds (the “Funds”) may use or invest in financial derivative instruments. Where the Funds feed into the underlying funds which use or invest in financial derivatives, there is a possibility that the Funds’ NAV may be subject to volatility due to usage or investment in financial derivatives.

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The CPF interest rate for the Ordinary Account (“OA”) is based on the 12-month fixed deposit and month-end savings rates of major local banks, subject to a minimum 2.5% interest per annum. The interest rate for Special, Medisave and Retirement Accounts (“SMRA”) is pegged to the 12-month average yield of 10-year Singapore Government Securities yield plus 1%. A 4% floor rate will be maintained for interest earned on SMRA until 31 December 2019, after which a 2.5% minimum rate will apply. An extra 1% interest is paid on the first S\$60,000 of a member’s combined balances, including up to S\$20,000 in the OA. The first S\$20,000 in the OA and the first S\$40,000 in the Special Account (“SA”) cannot be invested under the CPF Investment Scheme (“CPFIS”).

### **For Hong Kong Investors**

The fund is only offered to professional investors and is not authorized by the Securities and Futures Commission in Hong Kong. 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

## SOFT DOLLAR COMMISSIONS/ARRANGEMENTS

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In their management of the Nikko AM Shenton Horizon Investment Funds, the Managers currently do not receive or enter into any soft dollar commissions or arrangements.

### **Russell Investments' underlying investment advisers' participation in soft dollars/soft commissions**

Each of the money managers (appointed by Russell Investments) and/or Russell Investments may enter into transactions on a soft commission basis, i.e., utilise the services and expertise of brokers in return for the execution of trades through such brokers, provided that the transactions are entered into on the principle of best execution, the benefits provided in the transaction will assist in the provision of investment services to the RIC, and such transactions are disclosed in the next succeeding annual or half-yearly report of the RIC. Where appropriate, any such arrangements will comply with the requirements of Article 11 of the MiFID II Delegated Directive. Any transaction must be in the best interests of Shareholders and must provide benefits that will assist in the provision of investment services to the RIC.

### **Russell Investments' soft commission and commission recapture programme**

Russell Investments retains the right to request that the investment advisers participate in Russell Investments' soft commission and commission recapture programme (**the "Programme"**) through the use (and execution) of a portion of the fund's trading activity through various brokers. Russell Investments' Programme is administered by Recapture Services, a division of BNY ConvergeEx Execution Solutions LLC (**"BNY"**). Participation in Russell Investments' Programme is not mandatory and the appropriate participation percentage target is determined on an investment adviser by investment adviser basis, based upon asset class, investment mandate, trading habits, and tolerance for participation. Participation is always subject to an investment adviser's ability to obtain best execution.

As a result of this trading activity, BNY will set aside a portion of these commissions as "credits". Credits generated for soft commissions will be used by Russell Investments to purchase research that will aid Russell Investments in its investment decision-making process. Research used by Russell Investments will meet local regulations in terms of services that are eligible based on local regulatory guidance. All soft commission use is overseen by Russell Investments' soft commission committee which is made up of senior level investment personnel. The committee, with the guidance of Russell Investments' investment strategy committee will establish an annual soft commission budget. Once this budget has been met all future commissions will be recaptured directly back to the funds from which the commissions were generated. Russell Investments does not receive any revenue (directly or indirectly from BNY or any broker) from the commission recapture component of the Programme.

The Sub-Managers do not receive or intend to receive any soft dollars in their management of the Nikko AM Global Dividend Equity Fund. NAM Americas also does not receive or intend to receive soft dollars in respect of the global equities trading that it carries out for the Nikko AM Global Dividend Equity Fund.



**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENTS OF TOTAL RETURN***For the financial period from 01 January 2019 to 30 June 2019 (unaudited)*

	Nikko AM Global Dividend Equity Fund		Horizon Global Bond Fund (S\$ Hedged)	
	30 June 2019 US\$	30 June 2018 US\$	30 June 2019 S\$	30 June 2018 S\$
<b>Income</b>				
Dividends	1,709,048	2,018,309	-	-
Interest	11,281	4,562	3,592	3,050
	<b>1,720,329</b>	<b>2,022,871</b>	<b>3,592</b>	<b>3,050</b>
<b>Less: Expenses</b>				
Management fee	521,547	604,050	143,151	157,706
Management fee rebate	-	-	(72,230)	(79,039)
Registrar fee	15,285	16,815	9,276	8,970
Trustee fee	11,433	13,340	3,766	4,184
Custody fee	8,286	10,167	-	-
Audit fee	3,159	5,385	1,033	1,405
Valuation fee	17,393	20,103	5,728	6,309
Transaction costs	42,646	46,139	5,450	5,600
Other expenses	(14,531)	36,586	(2,714)	12,840
	<b>605,218</b>	<b>752,585</b>	<b>93,460</b>	<b>117,975</b>
<b>Net income/(losses)</b>	<b>1,115,111</b>	<b>1,270,286</b>	<b>(89,868)</b>	<b>(114,925)</b>
<b>Net gains or losses on value of investments and financial derivatives</b>				
Net gains/(losses) on investments	6,835,052	(2,876,328)	963,273	160,562
Net foreign exchange (losses)/gains	(23,655)	(20,911)	(11,024)	34,363
Net gains/(losses) on financial derivatives	222,486	(1,818,594)	181,597	(276,572)
	<b>7,033,883</b>	<b>(4,715,833)</b>	<b>1,133,846</b>	<b>(81,647)</b>
<b>Total return/(deficit) for the financial period before income tax</b>	<b>8,148,994</b>	<b>(3,445,547)</b>	<b>1,043,978</b>	<b>(196,572)</b>
<b>Less: Income tax</b>	<b>(283,120)</b>	<b>(383,305)</b>	<b>-</b>	<b>-</b>
<b>Total return/(deficit) for the financial period after income tax</b>	<b>7,865,874</b>	<b>(3,828,852)</b>	<b>1,043,978</b>	<b>(196,572)</b>



**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENTS OF TOTAL RETURN***For the financial period from 01 January 2019 to 30 June 2019 (unaudited)*

	Singapore Dividend Equity Fund		Horizon Singapore Fixed Income Enhanced Fund	
	30 June 2019 S\$	30 June 2018 S\$	30 June 2019 S\$	30 June 2018 S\$
<b>Income</b>				
Dividends	4,536,852	3,228,603	-	-
Interest	41,487	9,726	1,677	-
	<b>4,578,339</b>	<b>3,238,329</b>	<b>1,677</b>	<b>-</b>
<b>Less: Expenses</b>				
Management fee	1,283,245	975,669	112,038	131,261
Management fee rebate	(183)	(403)	-	-
Registrar fee	52,641	55,127	8,645	8,479
Trustee fee	33,762	25,892	3,687	4,351
Custody fee	29,403	22,383	2,508	3,210
Audit fee	15,662	11,115	828	1,929
Valuation fee	54,849	38,967	5,603	6,562
Transaction costs	205,142	192,763	5,076	2,892
Other expenses	33,809	103,027	(1,818)	12,904
	<b>1,708,330</b>	<b>1,424,540</b>	<b>136,567</b>	<b>171,588</b>
<b>Net income/(losses)</b>	<b>2,870,009</b>	<b>1,813,789</b>	<b>(134,890)</b>	<b>(171,588)</b>
<b>Net gains or losses on value of investments</b>				
Net gains/(losses) on investments	17,257,837	(9,385,333)	449,840	(361,716)
Net foreign exchange (losses)/gains	(11,297)	67,401	-	-
	<b>17,246,540</b>	<b>(9,317,932)</b>	<b>449,840</b>	<b>(361,716)</b>
<b>Total return/(deficit) for the financial period before income tax</b>	<b>20,116,549</b>	<b>(7,504,143)</b>	<b>314,950</b>	<b>(533,304)</b>
<b>Less: Income tax</b>	<b>(75,434)</b>	<b>(67,909)</b>	<b>-</b>	<b>-</b>
<b>Total return/(deficit) for the financial period after income tax</b>	<b>20,041,115</b>	<b>(7,572,052)</b>	<b>314,950</b>	<b>(533,304)</b>

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
(Constituted under a Trust Deed registered in the Republic of Singapore)

**STATEMENTS OF FINANCIAL POSITION**

As at 30 June 2019 (unaudited)

	Nikko AM Global Dividend Equity Fund		Horizon Global Bond Fund (S\$ Hedged)	
	30 June 2019 US\$	31 December 2018 US\$	30 June 2019 S\$	31 December 2018 S\$
<b>ASSETS</b>				
Portfolio of investments	69,817,914	64,159,917	22,436,603	22,090,923
Sales awaiting settlement	-	-	2,230	18,489
Receivables	320,621	143,687	-	-
Cash and bank balances	2,671,326	2,205,686	947,710	602,447
Financial derivatives at fair value	773,625	210,854	105,111	216,620
<b>Total assets</b>	<b>73,583,486</b>	<b>66,720,144</b>	<b>23,491,654</b>	<b>22,928,479</b>
<b>LIABILITIES</b>				
Payables	401,679	369,767	75,601	72,911
Purchases awaiting settlement	1,905,458	-	-	-
Distribution payable	32,183	20,109	-	-
Financial derivatives at fair value	-	18,227	137,160	38,797
<b>Total liabilities</b>	<b>2,339,320</b>	<b>408,103</b>	<b>212,761</b>	<b>111,708</b>
<b>EQUITY</b>				
Net assets attributable to unitholders	71,244,166	66,312,041	23,278,893	22,816,771
<b>ASSETS</b>				
Portfolio of investments	217,366,100	176,535,403	21,901,755	23,661,470
Sales awaiting settlement	1,886,710	57,526	-	-
Receivables	1,302,765	735,068	210,439	25,578
Cash and bank balances	12,062,006	6,827,531	906,347	156,090
<b>Total assets</b>	<b>232,617,581</b>	<b>184,155,528</b>	<b>23,018,541</b>	<b>23,843,138</b>
<b>LIABILITIES</b>				
Payables	4,128,547	1,071,483	94,302	85,460
Purchases awaiting settlement	1,743,336	-	-	-
Distribution payable	923,830	778,801	-	-
<b>Total liabilities</b>	<b>6,795,713</b>	<b>1,850,284</b>	<b>94,302</b>	<b>85,460</b>
<b>EQUITY</b>				
Net assets attributable to unitholders	225,821,868	182,305,244	22,924,239	23,757,678

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENTS OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial period from 01 January 2019 to 30 June 2019 (unaudited)*

	Nikko AM Global Dividend Equity Fund		Horizon Global Bond Fund (S\$ Hedged)	
	30 June 2019 US\$	31 December 2018 US\$	30 June 2019 S\$	31 December 2018 S\$
<b>Net assets attributable to unitholders at the beginning of the financial period/year</b>	<b>66,312,041</b>	82,347,705	<b>22,816,771</b>	25,967,571
<b>Operations</b>				
Change in net assets attributable to unitholders resulting from operations	<b>7,865,874</b>	(10,929,834)	<b>1,043,978</b>	(230,363)
<b>Unitholders' contributions/ (withdrawals)</b>				
Creation of units	<b>1,737,067</b>	6,974,669	<b>855,362</b>	1,677,520
Cancellation of units	<b>(4,539,004)</b>	(11,712,181)	<b>(1,437,218)</b>	(4,597,957)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	<b>(2,801,937)</b>	(4,737,512)	<b>(581,856)</b>	(2,920,437)
Distributions	<b>(131,812)</b>	(368,318)	-	-
Total increase/(decrease) in net assets attributable to unitholders	<b>4,932,125</b>	(16,035,664)	<b>462,122</b>	(3,150,800)
<b>Net assets attributable to unitholders at the end of the financial period/year</b>	<b>71,244,166</b>	66,312,041	<b>23,278,893</b>	22,816,771

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENTS OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial period from 01 January 2019 to 30 June 2019 (unaudited)*

	Singapore Dividend Equity Fund		Horizon Singapore Fixed Income Enhanced Fund	
	30 June 2019 S\$	31 December 2018 S\$	30 June 2019 S\$	31 December 2018 S\$
<b>Net assets attributable to unitholders at the beginning of the financial period/year</b>	<b>182,305,244</b>	146,001,426	<b>23,757,678</b>	24,084,717
<b>Operations</b>				
Change in net assets attributable to unitholders resulting from operations	<b>20,041,115</b>	(17,023,451)	<b>314,950</b>	151,894
<b>Unitholders' contributions/ (withdrawals)</b>				
Creation of units	<b>58,302,988</b>	92,683,723	<b>1,388,182</b>	4,840,677
Cancellation of units	<b>(29,566,111)</b>	(30,934,994)	<b>(2,536,571)</b>	(5,319,610)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	<b>28,736,877</b>	61,748,729	<b>(1,148,389)</b>	(478,933)
Distributions	<b>(5,261,368)</b>	(8,421,460)	-	-
Total increase/(decrease) in net assets attributable to unitholders	<b>43,516,624</b>	36,303,818	<b>(833,439)</b>	(327,039)
<b>Net assets attributable to unitholders at the end of the financial period/year</b>	<b>225,821,868</b>	182,305,244	<b>22,924,239</b>	23,757,678

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
(Constituted under a Trust Deed registered in the Republic of Singapore)

**STATEMENT OF PORTFOLIO**  
As at 30 June 2019 (unaudited)

**Nikko AM Global Dividend Equity Fund**

**By Geography (Primary)**

	Holdings at 30 June 2019	Fair value at 30 June 2019 US\$	Percentage of total net assets attributable to unitholders at 30 June 2019 %
<b>Quoted Equities</b>			
<b>AUSTRALIA</b>			
Macquarie Group Limited	21,614	1,901,868	2.67
<b>Total AUSTRALIA</b>		<b>1,901,868</b>	<b>2.67</b>
<b>BRITAIN</b>			
Ancor Public Listed Company	108,839	1,236,556	1.74
Astrazeneca Public Listed Company	25,581	2,095,995	2.94
British American Tobacco Public Listed Company	22,348	779,275	1.09
Compass Group Public Listed Company	57,380	1,378,016	1.93
Glaxosmithkline Public Listed Company	160,370	3,217,854	4.52
Johnson Matthey Public Listed Company	44,930	1,903,583	2.67
Prudential Public Listed Company	121,987	2,664,112	3.74
Unilever Public Listed Company	55,012	3,426,790	4.81
Weir Group Public Listed Company	50,261	989,242	1.39
<b>Total BRITAIN</b>		<b>17,691,423</b>	<b>24.83</b>
<b>CANADA</b>			
Toronto-Dominion Bank	24,979	1,462,734	2.05
<b>Total CANADA</b>		<b>1,462,734</b>	<b>2.05</b>
<b>DENMARK</b>			
Tryg Forsikring A/S	37,791	1,230,493	1.73
<b>Total DENMARK</b>		<b>1,230,493</b>	<b>1.73</b>
<b>FINLAND</b>			
Fortum OYJ	33,921	747,283	1.05
<b>Total FINLAND</b>		<b>747,283</b>	<b>1.05</b>
<b>FRANCE</b>			
Altran Technologies SA	111,315	1,769,013	2.48
Schneider Electric SE	14,101	1,280,804	1.80
Total SA	31,072	1,743,586	2.45
<b>Total FRANCE</b>		<b>4,793,403</b>	<b>6.73</b>
<b>GERMANY</b>			
Allianz SE	6,211	1,496,312	2.10
BASF SE	9,369	683,056	0.96
Deutsche Telekom AG	64,559	1,118,825	1.57
<b>Total GERMANY</b>		<b>3,298,193</b>	<b>4.63</b>
<b>HONG KONG SAR</b>			
AIA Group Limited	145,200	1,565,832	2.20
<b>Total HONG KONG SAR</b>		<b>1,565,832</b>	<b>2.20</b>
<b>JAPAN</b>			
Nintendo Company Limited	5,400	1,979,264	2.78
<b>Total JAPAN</b>		<b>1,979,264</b>	<b>2.78</b>

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENT OF PORTFOLIO**

*As at 30 June 2019 (unaudited)*

<b>Nikko AM Global Dividend Equity Fund</b>			
<b>By Geography (Primary) (continued)</b>			<b>Percentage of total net assets attributable to unitholders at 30 June 2019</b>
	<b>Holdings at 30 June 2019</b>	<b>Fair value at 30 June 2019 US\$</b>	<b>%</b>
<b>Quoted Equities (continued)</b>			
<b>NETHERLANDS</b>			
Koninklijke Philips NV	46,369	2,016,360	2.83
<b>Total NETHERLANDS</b>		<b>2,016,360</b>	<b>2.83</b>
<b>SINGAPORE</b>			
DBS Group Holdings Limited	88,700	1,701,938	2.39
<b>Total SINGAPORE</b>		<b>1,701,938</b>	<b>2.39</b>
<b>SPAIN</b>			
Bankinter SA	113,182	780,826	1.09
<b>Total SPAIN</b>		<b>780,826</b>	<b>1.09</b>
<b>SWITZERLAND</b>			
Roche Holding AG	10,043	2,828,987	3.97
<b>Total SWITZERLAND</b>		<b>2,828,987</b>	<b>3.97</b>
<b>TAIWAN</b>			
Taiwan Semiconductor Manufacturing Company Limited	354,000	2,723,994	3.82
<b>Total TAIWAN</b>		<b>2,723,994</b>	<b>3.82</b>
<b>UNITED STATES OF AMERICA</b>			
AbbVie Incorporated	23,548	1,712,411	2.40
AT&T Incorporated	52,044	1,742,954	2.45
Cedar Fair, L.P.	34,898	1,659,749	2.33
Chevron Corporation	7,013	871,856	1.22
Cisco Systems Incorporated	43,612	2,382,087	3.34
Coca-Cola Company	69,561	3,540,655	4.97
Microsoft Corporation	11,689	1,565,858	2.20
Occidental Petroleum Corporation	20,800	1,045,200	1.47
Pfizer Incorporated	72,876	3,157,717	4.43
Philip Morris International Incorporated	31,558	2,477,619	3.48
Six Flags Entertainment Corporation	29,766	1,479,073	2.08
<b>Total UNITED STATES OF AMERICA</b>		<b>21,635,179</b>	<b>30.37</b>
<b>Total Quoted Equities</b>		<b>66,357,777</b>	<b>93.14</b>

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENT OF PORTFOLIO**

*As at 30 June 2019 (unaudited)*

<b>Nikko AM Global Dividend Equity Fund</b>			
<b>By Geography (Primary) (continued)</b>	<b>Holdings at 30 June 2019</b>	<b>Fair value at 30 June 2019 US\$</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2019 %</b>
<b>Quoted Real Estate Investment Trusts</b>			
<b>SPAIN</b>			
Merlin Properties Socimi SA	97,563	1,355,478	1.91
<b>Total SPAIN</b>		<u>1,355,478</u>	<u>1.91</u>
<b>UNITED STATES OF AMERICA</b>			
Digital Realty Trust Incorporated	17,877	2,104,659	2.95
<b>Total UNITED STATES OF AMERICA</b>		<u>2,104,659</u>	<u>2.95</u>
<b>Total Quoted Real Estate Investment Trusts</b>		<u>3,460,137</u>	<u>4.86</u>
<b>Portfolio of investments</b>		69,817,914	98.00
<b>Other net assets</b>		1,426,252	2.00
<b>Net assets attributable to unitholders</b>		<u>71,244,166</u>	<u>100.00</u>

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENT OF PORTFOLIO**

*As at 30 June 2019 (unaudited)*

<b>By Geography (Summary)</b>	<b>Nikko AM Global Dividend Equity Fund</b>	
	<b>Percentage of total net assets attributable to unitholders at 30 June 2019</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2018</b>
	<b>%</b>	<b>%</b>
<b>Quoted Equities</b>		
Australia	2.67	5.89
Britain	24.83	22.33
Canada	2.05	1.87
Denmark	1.73	2.29
Finland	1.05	1.11
France	6.73	3.93
Germany	4.63	2.63
Hong Kong SAR	2.2	-
Japan	2.78	2.09
Netherlands	2.83	1.76
Norway	-	2.59
Singapore	2.39	1.36
Spain	1.09	1.37
Sweden	-	1.57
Switzerland	3.97	3.74
Taiwan	3.82	2.15
United States of America	30.37	35.14
<b>Total Quoted Equities</b>	<b>93.14</b>	<b>91.82</b>
<b>Quoted Real Estate Investment Trusts</b>		
Spain	1.91	1.81
United States of America	2.95	3.12
<b>Total Quoted Real Estate Investment Trusts</b>	<b>4.86</b>	<b>4.93</b>
<b>Portfolio of investments</b>	<b>98.00</b>	<b>96.75</b>
<b>Other net assets</b>	<b>2.00</b>	<b>3.25</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>



**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENT OF PORTFOLIO**

*As at 30 June 2019 (unaudited)*

<b>Nikko AM Global Dividend Equity Fund</b>			
<b>By Industry (Secondary)</b>	<b>Fair value at 30 June 2019 US\$</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2019 %</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2018 %</b>
Aerospace/Defense	-	-	2.75
Agriculture	3,256,894	4.57	4.25
Banks	5,847,366	8.20	9.54
Beverages	3,540,655	4.97	4.97
Chemicals	2,586,639	3.63	3.39
Cosmetics/Personal Care	3,426,790	4.81	4.34
Electric	747,283	1.05	1.11
Electrical Component & Equipment	1,280,804	1.80	1.45
Electronics	-	-	1.76
Engineering and Construction	1,769,013	2.48	-
Entertainment	3,138,822	4.41	5.51
Food	-	-	2.59
Food Service	1,378,016	1.93	-
Healthcare-Products	2,016,360	2.83	-
Home Builders	-	-	1.09
Insurance	6,956,749	9.76	5.57
Machinery-Diversified	989,242	1.39	-
Oil and Gas	3,660,642	5.14	8.72
Packaging & Containers	1,236,556	1.74	1.53
Pharmaceuticals	13,012,964	18.27	20.27
Real Estate Investment Trusts (REITS)	3,460,137	4.86	4.94
Semiconductors	2,723,994	3.82	3.16
Software	1,565,858	2.20	2.38
Telecommunications	5,243,866	7.36	7.43
Toys/Games/Hobbies	1,979,264	2.78	-
<b>Portfolio of investments</b>	<b>69,817,914</b>	<b>98.00</b>	<b>96.75</b>
<b>Other net assets</b>	<b>1,426,252</b>	<b>2.00</b>	<b>3.25</b>
<b>Net assets attributable to unitholders</b>	<b>71,244,166</b>	<b>100.00</b>	<b>100.00</b>

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENT OF PORTFOLIO**

*As at 30 June 2019 (unaudited)*

**Horizon Global Bond Fund (S\$ Hedged)**

**By Geography (Primary)**

	Holdings at 30 June 2019	Fair value at 30 June 2019 S\$	Percentage of total net assets attributable to unitholders at 30 June 2019 %
<b>Quoted Investment Fund</b>			
<b>IRELAND</b>			
Russell Investment Company PLC - Russell Investment Global Bond Fund (Class A)	53,972	22,436,603	96.38
<b>Total IRELAND</b>		<b>22,436,603</b>	<b>96.38</b>
<b>Total Quoted Investment Fund</b>		<b>22,436,603</b>	<b>96.38</b>
<b>Portfolio of investments</b>		22,436,603	96.38
<b>Other net assets</b>		842,290	3.62
<b>Net assets attributable to unitholders</b>		<b>23,278,893</b>	<b>100.00</b>

**By Geography (Summary)**

	Percentage of total net assets attributable to unitholders at 30 June 2019 %	Percentage of total net assets attributable to unitholders at 31 December 2018 %
<b>Quoted Investment Fund</b>		
Ireland	96.38	96.82
<b>Total Quoted Investment Fund</b>	<b>96.38</b>	<b>96.82</b>
<b>Portfolio of investments</b>	96.38	96.82
<b>Other net assets</b>	3.62	3.18
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

As the sub-fund is invested wholly as a feeder-fund into an underlying investment fund, it is not meaningful to classify the investments into industry, country or asset classes.

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENT OF PORTFOLIO**

*As at 30 June 2019 (unaudited)*

**Singapore Dividend Equity Fund**

**By Geography (Primary)**

	Holdings at 30 June 2019	Fair value at 30 June 2019 S\$	Percentage of total net assets attributable to unitholders at 30 June 2019 %
<b>Quoted Equities</b>			
<b>HONG KONG SAR</b>			
Dairy Farm International Holdings Limited	188,200	1,820,581	0.81
Hongkong Land Holdings Limited	355,700	3,099,233	1.37
Jardine Strategic Holdings Limited	154,500	7,970,393	3.53
<b>Total HONG KONG SAR</b>		<b>12,890,207</b>	<b>5.71</b>
<b>INDONESIA</b>			
Bumitama Agri Limited	3,600,000	2,268,000	1.00
<b>Total INDONESIA</b>		<b>2,268,000</b>	<b>1.00</b>
<b>SINGAPORE</b>			
Banyan Tree Holdings Limited	1,934,500	957,578	0.43
Bukit Sembawang Estates Limited	221,900	1,280,363	0.57
Capitaland Limited	2,242,700	7,916,731	3.51
CSE Global Limited	10,199,200	4,946,612	2.19
DBS Group Holdings Limited	832,700	21,616,892	9.57
Frasers Property Limited	411,300	769,131	0.34
Genting Singapore Limited	3,496,200	3,216,504	1.42
Health Management International Limited	3,417,145	2,238,230	0.99
Hong Leong Finance Limited	311,200	846,464	0.38
Hyphens Pharma International Limited	5,000,400	980,078	0.43
Japfa Limited	2,310,200	1,224,406	0.54
Jardine Cycle & Carriage Limited	68,300	2,474,509	1.10
Jumbo Group Limited	2,340,800	889,504	0.39
Keppel Corporation Limited	1,657,400	11,038,284	4.89
Koufu Group Limited	3,630,700	2,505,183	1.11
Oversea-Chinese Banking Corporation Limited	1,482,500	16,900,500	7.48
RE&S Holdings Limited	1,166,200	209,916	0.09
SATS Limited	1,206,800	6,299,496	2.79
Sembcorp Industries Limited	1,214,500	2,926,945	1.30
Sheng Siong Group Limited	1,576,600	1,734,260	0.77
Singapore Airlines Limited	365,900	3,391,893	1.50
Singapore Technologies Engineering Limited	2,286,500	9,466,110	4.19
Singapore Telecommunications Limited	2,335,600	8,174,600	3.62
United Overseas Bank Limited	730,300	19,082,739	8.45
UOL Group Limited	432,100	3,262,355	1.44
Venture Corporation Limited	529,500	8,625,555	3.82
Wilmar International Limited	1,550,800	5,737,960	2.54
Yanlord Land Group Limited	2,514,800	3,244,092	1.44
<b>Total SINGAPORE</b>		<b>151,956,890</b>	<b>67.29</b>

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
(Constituted under a Trust Deed registered in the Republic of Singapore)

**STATEMENT OF PORTFOLIO**

As at 30 June 2019 (unaudited)

Singapore Dividend Equity Fund			
By Geography (Primary) (continued)	Holdings at 30 June 2019	Fair value at 30 June 2019 S\$	Percentage of total net assets attributable to unitholders at 30 June 2019 %
<b>Quoted Equities (continued)</b>			
<b>THAILAND</b>			
Thai Beverage Public Company Limited	8,094,300	6,718,269	2.98
<b>Total THAILAND</b>		<u>6,718,269</u>	<u>2.98</u>
<b>Total Quoted Equities</b>		<u>173,833,366</u>	<u>76.98</u>
<b>Quoted Investment Fund</b>			
<b>SINGAPORE</b>			
Keppel Infrastructure Trust	5,517,406	2,786,290	1.23
Netlink NBN Trust	6,407,700	5,702,853	2.53
<b>Total SINGAPORE</b>		<u>8,489,143</u>	<u>3.76</u>
<b>Total Quoted Investment Fund</b>		<u>8,489,143</u>	<u>3.76</u>
<b>Quoted Real Estate Investment Trusts</b>			
<b>HONG KONG SAR</b>			
Champion REIT	2,674,000	3,014,643	1.33
Link REIT	214,000	3,557,775	1.58
<b>Total HONG KONG SAR</b>		<u>6,572,418</u>	<u>2.91</u>
<b>SINGAPORE</b>			
CDL Hospitality Trusts	1,355,800	2,209,954	0.98
Far East Hospitality Trust	4,648,100	3,090,986	1.37
Frasers Centrepoint Trust	904,800	2,352,480	1.04
Frasers Commercial Trust	2,213,600	3,696,712	1.64
Frasers Logistics & Industrial Trust	2,622,840	3,173,636	1.41
Keppel DC REIT	3,284,822	5,485,653	2.43
Keppel REIT	2,307,800	2,907,828	1.29
Mapletree Logistics Trust	2,188,800	3,480,192	1.54
Parkway Life Real Estate Investment Trust	684,400	2,073,732	0.92
<b>Total SINGAPORE</b>		<u>28,471,173</u>	<u>12.61</u>
<b>Total Quoted Real Estate Investment Trusts</b>		<u>35,043,591</u>	<u>15.52</u>
<b>Portfolio of investments</b>		<u>217,366,100</u>	<u>96.26</u>
<b>Other net assets</b>		<u>8,455,768</u>	<u>3.74</u>
<b>Net assets attributable to unitholders</b>		<u>225,821,868</u>	<u>100.00</u>

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENT OF PORTFOLIO**

*As at 30 June 2019 (unaudited)*

	<b>Singapore Dividend Equity Fund</b>	
<b>By Geography (Summary)</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2019 %</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2018 %</b>
<b>Quoted Equities</b>		
Bermuda Islands	-	3.67
China	-	2.84
Hong Kong SAR	5.71	3.39
Indonesia	1.00	-
Isle of Man	-	0.92
Singapore	67.29	66.60
Thailand	2.98	2.08
<b>Total Quoted Equities</b>	<b>76.98</b>	<b>79.50</b>
<b>Quoted Investment Fund</b>		
Singapore	3.76	2.60
<b>Total Quoted Investment Fund</b>	<b>3.76</b>	<b>2.60</b>
<b>Quoted Real Estate Investment Trusts</b>		
Hong Kong SAR	2.91	2.99
Singapore	12.61	11.75
<b>Total Quoted Real Estate Investment Trusts</b>	<b>15.52</b>	<b>14.74</b>
<b>Portfolio of investments</b>	<b>96.26</b>	<b>96.84</b>
<b>Other net assets</b>	<b>3.74</b>	<b>3.16</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENT OF PORTFOLIO**

*As at 30 June 2019 (unaudited)*

**Singapore Dividend Equity Fund**

<b>By Industry (Secondary)</b>	<b>Fair value at 30 June 2019 S\$</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2019 %</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2018 %</b>
Agriculture	3,492,406	1.54	2.06
Airlines	3,391,893	1.50	2.95
Banks	57,600,131	25.51	27.87
Beverages	6,718,269	2.98	2.08
Computers	4,946,612	2.19	1.86
Distribution/Wholesale	2,474,509	1.10	0.49
Diversified Financial Services	846,464	0.37	0.92
Electric	2,926,945	1.30	1.95
Electronics	8,625,555	3.82	4.78
Engineering and Construction	26,803,890	11.87	7.09
Entertainment	3,216,504	1.42	0.92
Food	15,528,934	6.88	1.88
Food Service	-	-	0.14
Gas	2,786,290	1.23	1.08
Healthcare-Services	2,238,230	0.99	1.01
Holding Companies-Diversified	-	-	8.49
Lodging	957,578	0.43	0.61
Oil and Gas	-	-	2.06
Pharmaceuticals	980,078	0.43	0.53
Real Estate	19,571,905	8.67	3.33
Real Estate Investment Trusts (REITS)	35,043,591	15.52	14.74
Retail	5,338,863	2.36	2.62
Shipbuilding	-	-	2.84
Telecommunications	13,877,453	6.15	4.06
Transportation	-	-	0.48
<b>Portfolio of investments</b>	<b>217,366,100</b>	<b>96.26</b>	<b>96.84</b>
<b>Other net assets</b>	<b>8,455,768</b>	<b>3.74</b>	<b>3.16</b>
<b>Net assets attributable to unitholders</b>	<b>225,821,868</b>	<b>100.00</b>	<b>100.00</b>

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
(Constituted under a Trust Deed registered in the Republic of Singapore)

**STATEMENT OF PORTFOLIO**

As at 30 June 2019 (unaudited)

**Horizon Singapore Fixed Income Enhanced Fund**

**By Geography (Primary)**

	Holdings at 30 June 2019	Fair value at 30 June 2019 S\$	Percentage of total net assets attributable to unitholders at 30 June 2019 %
<b>Quoted Fixed Income Securities</b>			
<b>BRITISH VIRGIN ISLANDS</b>			
Huarong Finance 2017 Company Limited 3.2% due 27/04/2021	250,000	248,438	1.08
Huarong Finance 2017 Company Limited 3.8% due 07/11/2025	250,000	245,000	1.07
<b>Total BRITISH VIRGIN ISLANDS</b>		<b>493,438</b>	<b>2.15</b>
<b>CANADA</b>			
Manulife Financial Corporation 3.85% due 25/05/2026	750,000	762,277	3.33
Manulife Financial Corporation 3% due 21/11/2029	250,000	247,508	1.08
<b>Total CANADA</b>		<b>1,009,785</b>	<b>4.41</b>
<b>CHINA</b>			
China Construction Bank Corporation/Singapore 2.08% due 26/10/2020	750,000	747,937	3.26
<b>Total CHINA</b>		<b>747,937</b>	<b>3.26</b>
<b>FRANCE</b>			
BNP Paribas SA 3.65% due 09/09/2024	500,000	514,763	2.25
BNP Paribas SA 4.35% due 22/01/2029	250,000	259,546	1.13
BPCE SA 4.45% due 17/12/2025	250,000	255,053	1.11
Credit Agricole SA 3.8% due 30/04/2031	500,000	504,495	2.20
<b>Total FRANCE</b>		<b>1,533,857</b>	<b>6.69</b>
<b>GERMANY</b>			
Commerzbank AG 4.2% due 18/09/2028	250,000	250,864	1.10
<b>Total GERMANY</b>		<b>250,864</b>	<b>1.10</b>
<b>MALAYSIA</b>			
Danga Capital Berhad 3.725% due 11/08/2020	1,000,000	1,012,991	4.42
<b>Total MALAYSIA</b>		<b>1,012,991</b>	<b>4.42</b>

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
(Constituted under a Trust Deed registered in the Republic of Singapore)

**STATEMENT OF PORTFOLIO**

As at 30 June 2019 (unaudited)

**Horizon Singapore Fixed Income Enhanced Fund**

**By Geography (Primary) (continued)**

	Holdings at 30 June 2019	Fair value at 30 June 2019 S\$	Percentage of total net assets attributable to unitholders at 30 June 2019 %
<b>Quoted Fixed Income Securities (continued)</b>			
<b>SINGAPORE</b>			
Ascendas Real Estate Investment Trust 3.14% due 02/03/2025	250,000	253,009	1.11
Breadtalk Group Limited 4% due 17/01/2023	750,000	755,058	3.29
CCT MTN Private Limited 2.96% due 13/08/2021	250,000	251,748	1.10
CDL Properties Limited 2.958% due 09/05/2024	250,000	250,933	1.09
CJ Logistics Asia Private Limited 2.938% due 25/03/2024	250,000	250,346	1.09
CMT MTN Private Limited 2.88% due 10/11/2027	250,000	244,682	1.07
CMT MTN Private Limited 3.2% due 21/08/2025	250,000	253,732	1.11
Great Eastern Life Assurance Company Limited/The 4.6% due 19/01/2026	250,000	258,623	1.13
Housing & Development Board 2.675% due 22/01/2029	250,000	257,584	1.12
Land Transport Authority of Singapore 3.35% due 19/03/2048	250,000	263,760	1.15
Mapletree Commercial Trust Treasury Company Private Limited 2.795% due 15/11/2023	250,000	249,800	1.09
Mapletree Treasury Services Limited 2.85% due 29/08/2025	250,000	248,399	1.08
Mapletree Treasury Services Limited 3.4% due 03/09/2026	250,000	255,627	1.12
Mercatus Co-Operative Limited 2.8% due 26/07/2024	250,000	250,348	1.09
Mercatus Co-Operative Limited 3.1% due 19/01/2028	500,000	499,238	2.18
Oversea-Chinese Banking Corporation Limited 3.8% due 29/12/2049	250,000	253,140	1.10
Oversea-Chinese Banking Corporation Limited 4% due 31/12/2049	250,000	257,568	1.12
Prime Asset Holdings Limited 2.9% due 24/10/2024	250,000	248,874	1.09
RCS Trust 3.2% due 14/03/2025	250,000	252,642	1.10
Singapore Airlines Limited 3.03% due 28/03/2024	250,000	251,870	1.10
Singapore Airlines Limited 3.035% due 11/04/2025	250,000	250,626	1.09
Singapore Airlines Limited 3.13% due 23/08/2027	500,000	501,927	2.19
Singapore Airlines Limited 3.16% due 25/10/2023	250,000	252,852	1.10
Singapore Airlines Limited 3.22% due 09/07/2020	250,000	252,102	1.10
Singapore Government Bond 2.125% due 01/06/2026	300,000	304,590	1.33
Singapore Government Bond 2.25% due 01/08/2036	800,000	788,800	3.44
Singapore Government Bond 2.375% due 01/06/2025	100,000	102,980	0.45
Singapore Government Bond 2.625% due 01/05/2028	250,000	262,750	1.15
Singapore Government Bond 2.75% due 01/04/2042	900,000	940,950	4.10
Singapore Government Bond 2.75% due 01/03/2046	1,650,000	1,707,750	7.45
Singapore Government Bond 2.875% due 01/09/2030	400,000	429,000	1.87
Singapore Government Bond 2.875% due 01/07/2029	150,000	161,175	0.71
Singapore Government Bond 3% due 01/09/2024	100,000	105,830	0.46
Singapore Government Bond 3.375% due 01/09/2033	1,200,000	1,360,200	5.93
Singapore Government Bond 3.5% due 01/03/2027	800,000	890,000	3.88
Starhill Global REIT MTN Private Limited 3.4% due 26/05/2023	250,000	256,162	1.12



**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
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**STATEMENT OF PORTFOLIO**

*As at 30 June 2019 (unaudited)*

**Horizon Singapore Fixed Income Enhanced Fund**

**By Geography (Primary) (continued)**

	Holdings at 30 June 2019	Fair value at 30 June 2019 S\$	Percentage of total net assets attributable to unitholders at 30 June 2019 %
<b>Quoted Fixed Income securities (continued)</b>			
<b>SINGAPORE (continued)</b>			
Starhub Limited 3.95% due 31/12/2049	250,000	246,547	1.08
Suntec REIT MTN Private Limited 2.85% due 02/08/2023	500,000	497,889	2.17
Surbana Jurong Private Limited 4.11% due 03/10/2025	250,000	263,380	1.15
United Overseas Bank Limited 4% due 29/12/2049	250,000	254,570	1.11
United Overseas Bank Limited 3.5% due 27/02/2029	500,000	515,942	2.25
<b>Total SINGAPORE</b>		<u>16,153,003</u>	<u>70.46</u>
<b>SOUTH KOREA</b>			
Export-Import Bank of Korea 2.318% due 27/09/2022	250,000	250,313	1.09
<b>Total SOUTH KOREA</b>		<u>250,313</u>	<u>1.09</u>
<b>SWITZERLAND</b>			
Julius Baer Group Limited 5.9% due 29/12/2049	250,000	255,472	1.11
<b>Total SWITZERLAND</b>		<u>255,472</u>	<u>1.11</u>
<b>Accrued interest receivable on Quoted Fixed Income Securities</b>		<u>194,095</u>	<u>0.85</u>
<b>Total Quoted Fixed Income Securities</b>		<u>21,901,755</u>	<u>95.54</u>
<b>Portfolio of investments</b>		21,901,755	95.54
<b>Other net assets</b>		1,022,484	4.46
<b>Net assets attributable to unitholders</b>		<u>22,924,239</u>	<u>100.00</u>

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**STATEMENT OF PORTFOLIO**

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**Horizon Singapore Fixed Income Enhanced Fund**

**By Geography (Summary)**

	Percentage of total net assets attributable to unitholders at 30 June 2019 %	Percentage of total net assets attributable to unitholders at 31 December 2018 %
<b>Quoted Fixed Income Securities</b>		
British Virgin Islands	2.15	5.03
Canada	4.41	3.18
China	3.26	3.13
France	6.69	2.14
Germany	1.10	2.07
Malaysia	4.42	3.21
Singapore	70.46	73.60
South Korea	1.09	1.05
Switzerland	1.11	1.06
United States of America	-	4.22
Accrued Interest receivable on quoted fixed income securities	0.85	0.91
<b>Total Quoted Fixed Income Securities</b>	<b>95.54</b>	<b>99.60</b>
<b>Portfolio of investments</b>	<b>95.54</b>	<b>99.60</b>
<b>Other net assets</b>	<b>4.46</b>	<b>0.40</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

**Horizon Singapore Fixed Income Enhanced Fund**

**By Industry (Secondary)**

	Fair value at 30 June 2019 S\$	Percentage of total net assets attributable to unitholders at 30 June 2019 %	Percentage of total net assets attributable to unitholders at 31 December 2018 %
Airlines	1,509,377	6.58	3.14
Auto Manufacturers	-	-	4.22
Banks	3,813,878	16.64	12.66
Diversified Financial Services	748,910	3.27	6.10
Engineering and Construction	263,380	1.15	1.08
Food	755,058	3.29	4.22
Insurance	1,268,408	5.53	3.18
Investment Companies	504,026	2.20	3.17
Private Equity	749,586	3.27	3.06
Real Estate	755,969	3.30	5.31
Real Estate Investment Trusts (REITS)	2,003,502	8.74	9.41
Sovereign	8,838,673	38.55	42.10
Telecommunications	246,547	1.08	1.04
Transportation	250,346	1.09	-
Accrued Interest receivable on quoted fixed income securities	194,095	0.85	0.91
<b>Portfolio of investments</b>	<b>21,901,755</b>	<b>95.54</b>	<b>99.60</b>
<b>Other net assets</b>	<b>1,022,484</b>	<b>4.46</b>	<b>0.40</b>
<b>Net assets attributable to unitholders</b>	<b>22,924,239</b>	<b>100.00</b>	<b>100.00</b>

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
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**REPORT TO UNITHOLDERS**

*For the financial period from 01 January 2019 to 30 June 2019 (unaudited)*

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The following contains additional information relating to the Sub-Funds.

**1. Distribution of investments**

Please refer to the Statements of Portfolio on pages 20 to 33.

**2. Credit rating of debt securities**

**Horizon Singapore Fixed Income Enhanced Fund**

	Fair value at 30 June 2019 S\$	Percentage of total net assets attributable to unitholders at 30 June 2019 %
AAA*	7,575,369	33.05
AA	500,659	2.18
A+	258,623	1.13
A-	1,777,190	7.76
BBB+	1,527,004	6.66
BBB-	761,572	3.32
A2	1,014,356	4.43
A3	253,009	1.10
Baa1	997,808	4.35
Baa3	255,472	1.11
Not rated	6,786,598	29.60
Accrued interest receivable on quoted fixed income securities	194,095	0.85
<b>Total</b>	<b>21,901,755</b>	<b>95.54</b>

\*The balance includes securities that are issued by government agencies of government that have a AAA rating as rated by Standard & Poor's.

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
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**REPORT TO UNITHOLDERS**

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**3. Top 10 holdings**

**Nikko AM Global Dividend Equity Fund**

**10 Largest holdings at 30 June 2019**

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Coca-Cola Company	3,540,655	4.97
Unilever Public Listed Company	3,426,790	4.81
Glaxosmithkline Public Listed Company	3,217,854	4.52
Pfizer Incorporated	3,157,717	4.43
Roche Holding AG	2,828,987	3.97
Taiwan Semiconductor Manufacturing Company Limited	2,723,994	3.82
Prudential Public Listed Company	2,664,112	3.74
Philip Morris International Incorporated	2,477,619	3.48
Cisco Systems Incorporated	2,382,087	3.34
Digital Realty Trust Incorporated	2,104,659	2.95

**10 Largest holdings at 30 June 2018**

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Macquarie Group Limited	3,352,650	4.41
Coca-Cola Company	3,050,945	4.02
Unilever Public Listed Company	3,044,598	4.01
Siemens AG	2,844,888	3.74
Prudential Public Listed Company	2,793,438	3.68
Bae Systems Public Listed Company	2,672,952	3.52
Pfizer Incorporated	2,644,670	3.48
Chevron Corporation	2,558,564	3.37
Philip Morris International Incorporated	2,547,993	3.35
Digital Realty Trust Incorporated	2,424,833	3.19

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
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**REPORT TO UNITHOLDERS**

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**3. Top 10 holding (continued)**

**Horizon Global Bond Fund (S\$ Hedged)**

**Largest holdings at 30 June 2019**

	Fair value S\$	Percentage of total net assets attributable to unitholders %
<b>Russell Investment Company PLC – Russell Investment Global Bond Fund (Class A)</b>	<b>22,436,603</b>	<b>96.38</b>

**Largest holdings at 30 June 2018**

	Fair value S\$	Percentage of total net assets attributable to unitholders %
<b>Russell Investment Company PLC – Russell Investment Global Bond Fund (Class A)</b>	<b>23,684,476</b>	<b>97.41</b>

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**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
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**REPORT TO UNITHOLDERS**

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**3. Top 10 holding (continued)**

**Singapore Dividend Equity Fund**

**10 Largest holdings at 30 June 2019**

	Fair value S\$	Percentage of total net assets attributable to unitholders %
<b>DBS Group Holdings Limited</b>	<b>21,616,892</b>	<b>9.57</b>
<b>United Overseas Bank Limited</b>	<b>19,082,739</b>	<b>8.45</b>
<b>Oversea-Chinese Banking Corporation Limited</b>	<b>16,900,500</b>	<b>7.48</b>
<b>Keppel Corporation Limited</b>	<b>11,038,284</b>	<b>4.89</b>
<b>Singapore Technologies Engineering Limited</b>	<b>9,466,110</b>	<b>4.19</b>
<b>Venture Corporation Limited</b>	<b>8,625,555</b>	<b>3.82</b>
<b>Singapore Telecommunications Limited</b>	<b>8,174,600</b>	<b>3.62</b>
<b>Jardine Strategic Holdings Limited</b>	<b>7,970,393</b>	<b>3.53</b>
<b>Capitaland Limited</b>	<b>7,916,731</b>	<b>3.51</b>
<b>Thai Beverage Public Company Limited</b>	<b>6,718,269</b>	<b>2.98</b>

**10 Largest holdings at 30 June 2018**

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Oversea-Chinese Banking Corporation Limited	14,683,860	9.08
DBS Group Holdings Limited	14,425,281	8.92
United Overseas Bank Limited	14,402,232	8.91
Keppel Corporation Limited	9,332,895	5.77
Singapore Airlines Limited	6,096,507	3.77
Singapore Telecommunications Limited	4,856,544	3.00
Venture Corporation Limited	4,695,488	2.90
Thai Beverage Public Company Limited	4,470,552	2.76
SATS Limited	4,416,000	2.73
Yangzijiang Shipbuilding Holdings Limited	3,795,751	2.35

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
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**REPORT TO UNITHOLDERS**

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**3. Top 10 holding (continued)**

**Horizon Singapore Fixed Income Enhanced Fund**

**10 Largest holdings at 30 June 2019**

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Singapore Government Bond 2.75% due 01/03/2046	1,707,750	7.45
Singapore Government Bond 3.375% due 01/09/2033	1,360,200	5.93
Danga Capital Berhad 3.725% due 11/08/2020	1,012,991	4.42
Singapore Government Bond 2.75% due 01/04/2042	940,950	4.10
Singapore Government Bond 3.5% due 01/03/2027	890,000	3.88
Singapore Government Bond 2.25% due 01/08/2036	788,800	3.44
Manulife Financial Corporation 3.85% due 25/05/2026	762,277	3.33
Breadtalk Group Limited 4% due 17/01/2023	755,058	3.29
China Construction Bank Corporation/Singapore 2.08% due 26/10/2020	747,937	3.26
United Overseas Bank Limited 3.5% due 27/02/2029	515,942	2.25

**10 Largest holdings at 30 June 2018**

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Singapore Government Bond 2.75% due 01/03/2046	1,418,100	5.69
Singapore Government Bond 2.875% due 01/09/2030	1,281,250	5.14
Singapore Government Bond 2.25% due 01/06/2021	1,256,250	5.04
Singapore Government Bond 3.375% due 01/09/2033	1,076,500	4.32
Singapore Government Bond 2.75% due 01/04/2042	1,031,100	4.14
Breadtalk Group Limited 4% due 17/01/2023	999,180	4.01
Ford Motor Credit Company LLC 3.7% due 11/03/2019	990,635	3.98
Singapore Government Bond 2.875% due 01/07/2029	824,000	3.31
Manulife Financial Corporation 3.85% due 25/05/2026	765,615	3.07
Danga Capital Berhad 3.725% due 11/08/2020	763,379	3.06

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**REPORT TO UNITHOLDERS**

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**4. Exposure to financial derivatives**

**Nikko AM Global Dividend Equity Fund**

	Fair value at 30 June 2019 US\$	Percentage of total net assets attributable to unitholders 30 June 2019 %	Unrealised gains/(losses) US\$	Realised gains/(losses) US\$
Forward foreign exchange contracts	<u>773,625</u>	<u>1.09</u>	<u>773,625</u>	<u>(551,139)</u>

**Horizon Global Bond Fund (S\$ Hedged)**

	Fair value at 30 June 2019 S\$	Percentage of total net assets attributable to unitholders 30 June 2019 %	Unrealised gains/(losses) S\$	Realised gains/(losses) S\$
Forward foreign exchange contracts	<u>(32,049)</u>	<u>(0.14)</u>	<u>(32,049)</u>	<u>213,646</u>

**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 arrangement;
- 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



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**REPORT TO UNITHOLDERS**

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**6. Collateral**

Nil.

**7. Securities lending or repurchase transactions**

Nil.

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

**AM Global Dividend Equity Fund**

Please refer to the Statements of Portfolio on pages 20 to 24.

**Horizon Global Bond Fund (S\$ Hedged)**

Please refer to the Statements of Portfolio on page 25.

**Singapore Dividend Equity Fund**

Please refer to the Statements of Portfolio on pages 26 to 29.

**9. Borrowings**

Nil.

**10. Amount of units created and cancelled for the financial period ended 30 June 2019**

	<b>Nikko AM Global Dividend Equity Fund US\$</b>	<b>Horizon Global Bond Fund (S\$ Hedged) S\$</b>
Units created	1,737,067	855,362
Units cancelled	(4,539,004)	(1,437,218)
	<b>Singapore Dividend Equity Fund S\$</b>	<b>Horizon Singapore Fixed Income Enhanced Fund S\$</b>
Units created	58,302,988	1,388,182
Units cancelled	(29,566,111)	(2,536,571)

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
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**REPORT TO UNITHOLDERS**

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**11. Turnover ratio**

**Nikko AM Global Dividend Equity Fund**

		<b>30 June 2019</b>	30 June 2018
Lower of total value of purchases or sales	US\$	<b>12,834,261</b>	12,856,698
Average daily net asset value	US\$	<b>70,176,590</b>	81,205,070
<b>Total turnover ratio</b> <sup>Note</sup>	%	<b>18.29</b>	15.83

**Horizon Global Bond Fund (S\$ Hedged)**

		<b>30 June 2019</b>	30 June 2018
Lower of total value of purchases or sales	S\$	<b>968,806</b>	1,128,215
Average daily net asset value	S\$	<b>23,108,596</b>	25,444,485
<b>Total turnover ratio</b> <sup>Note</sup>	%	<b>4.19</b>	4.43

**Singapore Dividend Equity Fund**

		<b>30 June 2019</b>	30 June 2018
Lower of total value of purchases or sales	S\$	<b>25,847,061</b>	21,499,737
Average daily net asset value	S\$	<b>207,528,576</b>	157,568,110
<b>Total turnover ratio</b> <sup>Note</sup>	%	<b>12.45</b>	13.64

**Horizon Singapore Fixed Income Enhanced Fund**

		<b>30 June 2019</b>	30 June 2018
Lower of total value of purchases or sales	S\$	<b>8,968,149</b>	11,360,353
Average daily net asset value	S\$	<b>22,600,137</b>	26,485,207
<b>Total turnover ratio</b> <sup>Note</sup>	%	<b>39.68</b>	42.89

Note: 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 SHENTON HORIZON INVESTMENT FUNDS**  
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**REPORT TO UNITHOLDERS**

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**12. Expense ratio**

**Nikko AM Global Dividend Equity Fund**

**SGD Hedged (Acc) Class** **30 June 2019**      30 June 2018

Total operating expenses	US\$	<b>1,033,155</b>	1,219,367
Average daily net asset value	US\$	<b>62,383,524</b>	70,558,628
<b>Total expense ratio<sup>Note</sup></b>	<b>%</b>	<b>1.66</b>	1.73

**SGD Hedged (Dist) Class** **30 June 2019**      30 June 2018

Total operating expenses	US\$	<b>137,176</b>	168,300
Average daily net asset value	US\$	<b>8,174,455</b>	9,528,857
<b>Total expense ratio<sup>Note</sup></b>	<b>%</b>	<b>1.68</b>	1.77

**USD (Acc) Class** **30 June 2019**      30 June 2018

Total operating expenses	US\$	<b>9,063</b>	11,438
Average daily net asset value	US\$	<b>425,012</b>	456,192
<b>Total expense ratio<sup>Note</sup></b>	<b>%</b>	<b>2.13</b>	2.51

**CNH Hedged (Dist) Class** **30 June 2019**      30 June 2018

Total operating expenses	US\$	<b>3,400</b>	5,946
Average daily net asset value	US\$	<b>80,408</b>	133,821
<b>Total expense ratio<sup>Note</sup></b>	<b>%</b>	<b>4.23</b>	4.44

**Horizon Global Bond Fund (S\$ Hedged)**

**30 June 2019**      30 June 2018

Total operating expenses	S\$	<b>188,760</b>	226,838
Average daily net asset value	S\$	<b>23,361,964</b>	25,874,277
<b>Total expense ratio<sup>Note</sup> (including Underlying Fund's expense ratio)</b>	<b>%</b>	<b>1.52</b>	1.59

Weighted average of the Underlying Fund's unaudited expense ratio	%	<b>0.71</b>	0.71
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**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
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**12. Expense ratio (continued)**

**Singapore Dividend Equity Fund**

<b>SGD Class</b>		<b>30 June 2019</b>	30 June 2018
Total operating expenses	S\$	<b>2,653,457</b>	2,184,673
Average daily net asset value	S\$	<b>179,229,216</b>	142,116,087
<b>Total expense ratio<sup>Note</sup></b>	%	<b>1.48</b>	1.54

<b>JPY Class</b>		<b>30 June 2019</b>	30 June 2018
Total operating expenses	S\$	<b>3,357</b>	2,394
Average daily net asset value	S\$	<b>608,795</b>	443,512
<b>Total expense ratio<sup>Note</sup></b>	%	<b>0.55</b>	0.54

<b>MYR Class</b>		<b>30 June 2019</b>	30 June 2018
Total operating expenses	S\$	<b>93,282</b>	87,618
Average daily net asset value	S\$	<b>6,316,336</b>	5,643,484
<b>Total expense ratio<sup>Note</sup></b>	%	<b>1.48</b>	1.55

<b>USD Class</b>		<b>30 June 2019</b>	30 June 2018
Total operating expenses	S\$	<b>59,076</b>	53,243
Average daily net asset value	S\$	<b>3,997,570</b>	3,439,790
<b>Total expense ratio<sup>Note</sup></b>	%	<b>1.48</b>	1.55

**Horizon Singapore Fixed Income Enhanced Fund**

		<b>30 June 2019</b>	30 June 2018
Total operating expenses	S\$	<b>285,843</b>	324,343
Average daily net asset value	S\$	<b>23,488,491</b>	25,356,364
<b>Total expense ratio<sup>Note</sup></b>	%	<b>1.22</b>	1.28

Note: 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 Sub-Funds do not pay any performance fee. The average net asset value is based on the daily balances.

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
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**13. Related party transactions**

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

Management fee is payable to the Manager. Trustee fee and registrar fee are payable to the Trustee. Custody and valuation fee are payable to a related company of the Trustee, BNP Paribas Securities Services operating through its Singapore Branch.

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 Sub-Funds and a related party at terms agreed between the parties and within the provisions of the Deed.

	<b>Nikko AM Global Dividend Equity Fund</b>		<b>Horizon Global Bond Fund (S\$ Hedged)</b>	
	<b>30 June 2019 US\$</b>	<b>31 December 2018 US\$</b>	<b>30 June 2019 S\$</b>	<b>31 December 2018 S\$</b>
Bank balances held with related party of the Trustee	<b>2,671,326</b>	2,205,686	<b>947,710</b>	602,447
	<hr/>		<hr/>	
	<b>Singapore Dividend Equity Fund</b>		<b>Horizon Singapore Fixed Income Enhanced Fund</b>	
	<b>30 June 2019 S\$</b>	<b>31 December 2018 S\$</b>	<b>30 June 2019 S\$</b>	<b>31 December 2018 S\$</b>
Bank balances held with related party of the Trustee	<b>12,062,006</b>	6,827,531	<b>906,347</b>	156,090
	<hr/>		<hr/>	

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

Nil.

## NIKKO AM SHENTON HORIZON INVESTMENT FUNDS

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

### REPORT TO UNITHOLDERS

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The details which follow make reference to the investments within the Russell Investment Company PLC - Russell Investment Global Bond Fund (Class A) unless stated otherwise.

#### 1. Top 10 Holdings

##### 10 Largest holdings at 30 June 2019

	Fair value S\$	Percentage of total net assets attributable to unitholders %
FNCL 4 01-Jul-2048	51,310,840	1.52
US Treasury N/B 2 30-Nov-2020	40,248,248	1.20
US Treasury N/B 1.5 15-Aug-2026	37,419,184	1.11
Buoni Poliennali Del Tes 1.3 15-May-2028	37,352,336	1.11
US Treasury N/B 5.375 15-Feb-2031	30,524,922	0.91
FNCL 3 15-Jul-2019	28,835,999	0.86
US Treasury N/B 1.625 31-Aug-2019	27,701,313	0.82
Japan (10 Yr Issue) 0.1 20-Mar-2027	27,269,992	0.81
FNCL 5.5 15-Jul-2019	27,201,062	0.81
Japan (2 Year Issue) 0.1 01-Nov-2020	26,483,054	0.79

##### 10 Largest holdings at 30 June 2018

	Fair value S\$	Percentage of total net assets attributable to unitholders %
FNCL 3.5 13-Aug-2018	64,834,263	2.73
Japan Treasury Disc Bill 0 06-Aug-2018	28,153,155	1.18
FNCL 3 13-Aug-2018	26,570,864	1.12
US Treasury N/B 1.625 31-Aug-2019	25,234,377	1.06
Japan (2 Year Issue) 0.1 15-Nov-2018	23,572,120	0.99
US Treasury N/B 1.5 15-Aug-2026	21,327,050	0.90
US Treasury N/B 2.75 15-Feb-2028	20,941,306	0.88
US Treasury N/B 2.125 30-Sep-2024	17,999,122	0.76
New Zealand Government 5 15-Mar-2019	17,534,805	0.74
Japan (20 Year Issue) 1.5 20-Jun-2034	17,277,447	0.73

#### 2. Financial Ratios

	30 June 2019 %	30 June 2018 %
Expense ratio <sup>Note</sup>	0.74	0.73
Turnover ratio	358.73	284.85

Note: The expense ratio has been computed based on the total operating expenses divided by the average net asset value for the period. 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 average net asset value is based on the daily balances.

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Company registration number 198202562H

# ANNUAL REPORT

For the financial year ended 31 December 2018

**Nikko AM Shenton  
Horizon Investment Funds**

### **MANAGERS**

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

### **DIRECTORS**

Hou Wey Fook  
Lim Soon Chong  
Kiyotaka Ryu (appointed with effect from 25 March 2019)  
Junichi Sayato (resigned with effect from 25 March 2019)  
Seet Oon Hui Eleanor  
Yu-Ming Wang

### **TRUSTEE & REGISTRAR**

BNP Paribas Trust Services Singapore Limited  
20 Collyer Quay, #01-01  
Singapore 049319

### **AUDITORS**

PricewaterhouseCoopers LLP  
7 Straits View, Marina One,  
East Tower, Level 12,  
Singapore 018936

### **CUSTODIAN**

BNP Paribas Securities Services, operating through its Singapore Branch  
20 Collyer Quay, #01-01  
Singapore 049319

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>
Horizon Global Bond Fund (S\$ Hedged)	0.06	-0.26	-0.83	1.76	2.19	3.96	2.29
Barcap Global Aggregate Index (SGD Hedged)	1.53	1.33	1.06	2.63	3.52	3.94	3.95
Nikko AM Global Dividend Equity Fund (S\$ Hedged ACC)	-11.17	-9.73	-12.43	3.51	1.37	6.55	0.81
Horizon Singapore Fixed Income Enhanced Fund	2.44	2.93	0.94	2.60	2.19	2.77	2.14
Markit iBoxx ALBI Singapore Government Bond Index	3.50	4.24	2.45	3.23	2.85	2.40	2.61
Singapore Dividend Equity Fund	-6.97	-5.24	-9.24	5.56	3.04	10.63	3.77

Source: Nikko Asset Management Asia Limited & Russell Investment Group Pte Ltd, & Markit Indices Limited. Returns as at 31 December 2018. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumptions 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>
Horizon Global Bond Fund (S\$ Hedged)	-4.94	-5.24	-5.79	0.03	1.14	3.42	2.02
Barcap Global Aggregate Index (SGD Hedged)	1.53	1.33	1.06	2.63	3.52	3.94	3.95
Nikko AM Global Dividend Equity Fund (S\$ Hedged ACC)	-15.61	-14.24	-16.81	1.76	0.34	6.00	0.54
Horizon Singapore Fixed Income Enhanced Fund	-2.68	-2.21	-4.11	0.86	1.15	2.25	1.87
Markit iBoxx ALBI Singapore Government Bond Index	3.50	4.24	2.45	3.23	2.85	2.40	2.61
Singapore Dividend Equity Fund	-11.62	-9.98	-13.78	3.77	1.99	10.07	3.50

Source: Nikko Asset Management Asia Limited & Russell Investment Group Pte Ltd & Markit Indices Limited. Returns as at 31 December 2018. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumptions 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 Global Dividend Equity Fund (US\$ ACC)	-11.10	-9.75	-12.41	3.19	0.48	7.53	2.28
Singapore Dividend Equity Fund	-6.77	-5.25	-11.07	6.97	1.47	11.26	5.15

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2018. Returns are calculated on a NAV-NAV basis, USD, and based on the assumptions 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 Global Dividend Equity Fund (US\$ ACC)	-15.55	-14.26	-16.79	1.44	-0.55	6.98	2.01
Singapore Dividend Equity Fund	-11.43	-9.99	-15.52	5.16	0.43	10.69	4.87

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2018. Returns are calculated on a NAV-NAV basis, USD, and based on the assumptions 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 1999**

<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>
Singapore Dividend Equity Fund	-9.70	-5.68	-12.50	4.77	3.31	N/A	4.50

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2018. Returns are calculated on a NAV-NAV basis, JPY, and based on the assumptions 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>
Singapore Dividend Equity Fund	-14.21	-10.39	-16.88	2.99	2.25	N/A	3.53

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2018. Returns are calculated on a NAV-NAV basis, JPY, and based on the assumptions 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>
Singapore Dividend Equity Fund	-6.98	-3.18	-9.21	N/A	N/A	N/A	8.19

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2018. Returns are calculated on a NAV-NAV basis, MYR, and based on the assumptions 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>
Singapore Dividend Equity Fund	-11.63	-8.02	-13.75	N/A	N/A	N/A	6.20

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2018. Returns are calculated on a NAV-NAV basis, MYR, and based on the assumptions 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: 29 March 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 Global Dividend Equity Fund (S\$ Hedged Dist)	-11.06	-9.71	-12.33	3.58	N/A	N/A	1.64

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2018. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumptions 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 Global Dividend Equity Fund (S\$ Hedged Dist)	-15.50	-14.23	-16.71	1.82	N/A	N/A	0.56

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2018. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumptions 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 March 2014**

<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 Global Dividend Equity Fund (CNH Hedged Dist)	-11.56	-10.81	-14.40	3.72	N/A	N/A	1.19

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2018. Returns are calculated on a NAV-NAV basis, CNH, and based on the assumptions 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 Global Dividend Equity Fund (CNH Hedged Dist)	-15.98	-15.27	-18.68	1.96	N/A	N/A	0.11

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2018. Returns are calculated on a NAV-NAV basis, CNH, and based on the assumptions 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 2014**

##### **Note:**

- (1) With effect from 17 October 2011, the umbrella unit trust (formerly known as "Horizon Investment Funds") has been renamed Nikko AM Shenton Horizon Investment Funds.
- (2) With effect from 20 February 2012, Horizon Singapore Equity Fund has been renamed Singapore Dividend Equity Fund.
- (3) With effect from 16 December 2013, Horizon Global Equity Fund was reshaped to Nikko AM Global Dividend Equity Fund.
- (4) With effect from 6 February 2015, Horizon U.S. Equity Fund was terminated.
- (5) With effect from 30 September 2015, Horizon Asia ex-Japan Equity Fund was terminated.
- (6) With effect from 28 October 2015, the appointment of Russell Investment Group Private Limited as the investment adviser for the Horizon Global Bond Fund (S\$ Hedged); Horizon European Equity Fund; Singapore Dividend Equity Fund and Horizon Singapore Fixed Income Enhanced Fund was terminated.

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- (7) With effect from 27 October 2016, Horizon European Equity Fund was terminated.
- (8) With effect from 1 December 2016, the appointment of Kleinwort Benson Investors Dublin Ltd (“Kleinwort Benson”) as the sub-managers for the Nikko AM Global Dividend Equity Fund was terminated and Nikko Asset Management Europe Ltd (“NAM Europe”) has been appointed as the sub-managers for the Nikko AM Global Dividend Equity Fund.

With effect from November 2008, the benchmark for the Horizon Global Bond Fund (S\$ Hedged) is renamed as Barclays Capital (“Barcap”) Global Aggregate Index, S\$ Hedged. Previously, it was known as Lehman Brothers’ Global Aggregate (SGD Hedged) Index.

With effect from 1 December 2016, the benchmark for the Nikko AM Global Dividend Equity Fund (i.e. MSCI All Country World Index, USD base) has been removed and there will be no benchmark for this 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 16 December 2013, the reference benchmark was a composite of Russell 1000® Net 30% Index; FTSE All Share Index; TOPIX Dividend Included Index; Russell Developed Europe ex-UK Large Cap Index (net); and Russell Asia Pacific ex Japan (All cap) Index, according to their regional weights from time to time.

With effect from 1 June 2017, the benchmark for the Horizon Singapore Fixed Income Enhanced Fund was changed to Markit iBoxx ALBI Singapore Government Bond Index. Prior to 1 June 2017, the benchmark was UOB Singapore Government Bond All Index. Prior to August 2006, the benchmark was 3-month Singapore Interbank Bid Rate (SIBID).

With effect from 1 November 2017, the benchmark for the Singapore Dividend Equity Fund (i.e. Straits Times Index) was removed and there will no longer be any benchmark for the Fund. This is because pursuant to the investment objective of this Fund, this Fund is managed on a total return basis and as such, it does not seek to outperform any benchmark. Prior to 1 July 2001, the benchmark was DBS 50 Index.

The Markit iBoxx ALBI Singapore Government Bond All Index referenced herein is the property of Markit Indices Limited and is used under license. The Horizon Singapore Fixed Income Enhanced Fund - SGD Class is not sponsored, endorsed, or promoted by Markit Indices Limited.

## **Nikko AM Global Dividend Equity Fund**

### **Portfolio Review**

#### ***Fund returned -12.43% in SGD hedged terms in 2018***

For the year ended 31 December 2018, the Nikko AM Global Dividend Equity Fund (the “Fund”) posted a return of -12.43% (SGD hedged terms, on a NAV-NAV basis).

During the year, stocks we introduced into the portfolio included Total, Caltex, GlaxoSmithKline and Unilever. Although Total’s shares have some sensitivity to the oil price, the company has a strong track record on capital returns – generally growing its dividend through the financial crisis and the later volatility in the oil price. Caltex enjoys a strong balance sheet and the ongoing restructuring of business has significantly enhanced the stability of its cashflow generation. Although investors have been disappointed by the rate of change (and capital return) so far, we believe that management has good potential to increase the cash returned to shareholders over time. GlaxoSmithKline had long offered strong cashflows, supported by its over-the-counter medicines business. There had been concerns that new management would deploy this cash in mergers and acquisitions to accelerate growth (threatening the dividend in the process). Recent decisions, however, have substantially reduced this risk and there are tentative signs that organic growth may be moving higher. Finally, being a stable business with the majority of its revenue and profits from Emerging Markets, Unilever has strong brand positions in categories which should benefit from long term demand growth. Management also has clearly defined incentives to improve returns via cost saving programmes. The recent rise in bond yields caused stable companies with good dividend yields such as Unilever to underperform. This gave the chance to invest in a business with favourable long term prospects at a more attractive valuation.



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Conversely, we sold stocks including ING, CTBC, Siemens and Amada Holdings. ING and CTBC were sold when we decided to reduce the cyclical of the portfolio in July, in particular the exposure to Financials. While Siemens management continues to deliver on portfolio transformation and the software business remains a great asset, we have become increasingly concerned about some of their more cyclical businesses. We therefore sold the position, investing the proceeds in topping up some Pharmaceutical holdings such as GlaxoSmithKline, Astrazeneca and Roche. Finally, we took advantage of a recovery in the shares to exit Amada Holdings, following concerns regarding the strength of demand in some of their main customer industries, notably automotive and electric appliances.

## **Market Review**

### ***High dividend equities slumped in 2018***

Having underperformed the broader global equity indices in the first half of 2018, the MSCI High Dividend Yield index recovered strongly during the second part of the year. This was particularly true in the fourth quarter. By the end of the year, higher yielding equities had performed in line with the MSCI AC World Index.

Later in 2018, rising trade tensions and gradual monetary tightening in the US unsettled investors and markets fell – particularly in Q4, with market leadership rotating into more defensive areas.

Moreover, political tensions have been ever present this year. President Trump has continued to threaten and occasionally introduce measures reflecting his view of global trade. This has seen Europe described as a trade “foe” and China regularly derided as a foreign exchange manipulator as well being accused of theft for US Intellectual Property.

The imposition of tariffs on some Chinese imports and on Russian steel and aluminium added to fears over mounting inflationary pressures in the US. This saw the yield on 10-year US Treasuries surge through 3%, suggesting an end to the deflationary boom that the US had been enjoying. These pressures encouraged the Federal Reserve (Fed) to continue its gradual normalisation of monetary policy, via both interest rate hikes and balance sheet contraction. This led to very public complaints by President Trump – calling the Fed the “biggest threat” to the economy. The fear that he would sack Fed President Powell did little to help nervous stock markets towards the end of the year.

Against this backdrop, the Chinese government has set out its own long-term growth targets, making clear its ambitions in areas traditionally dominated by the US, like technology and innovation. The funding for this growth has required some short-term pain via tighter financial controls and lower rates of fixed asset investment. China’s growth has consequently slowed as a result.

With sources of external growth looking more challenging, Europe could have done with a year of domestic stability and political cohesion. Unfortunately, this has not turned out to be the case. Brexit appears no closer to a conclusion than it did 12 months ago, Italian politics look even less stable than usual, France has seen meaningful social unrest and German voters have turned their backs on Angela Merkel. Unsurprisingly, consumer and industrial confidence has slipped away over the year.

Looking at sector performance, there was a marked difference between the relative contributors and detractors this year. Traditional defensives like Healthcare and Utilities both held up well, delivering positive absolute returns. The Information Technology sector also outperformed over the year, despite seeing some profit taking in Q4. The worst performing sectors this year were all cyclicals – with Industrials, Materials and Consumer Discretionary all underperforming materially as fears grew over the strength of economic growth.

With regards to portfolios, our stock picking drives the overall shape of positioning with respect to geographies or sectors. Over the period, these stock picks have continued to be reasonably dispersed across sectors and geographies.

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## **Market Outlook and Strategy**

### ***Focus primarily on companies with Future Quality attributes***

A lot of time and effort is being expended by investors in attempting to guess the future path of monetary policy in the US and elsewhere. As bottom-up investors, we have no strong view although we suspect that the majority of such tightening on the monetary policy has already taken place.

Irrespective of the economic backdrop, our strategy is focused on picking a selection of companies that meet our Future Quality criteria. We spend most of our time assessing the quality of management teams, the strength of the franchises that they manage and the strategic flexibility afforded to them by their balance sheets. Once we have concluded on these aspects, the final discipline is a careful appraisal of the stock's valuation. There are plenty of quality businesses that are fairly or even over-valued. There are also many more that fall foul of our other requirements.

Our valuation discipline is anchored around metrics prioritising cash flow generation and growth. At times like these, when central banks are keen to withdraw liquidity and restore their monetary firepower for future crises, this is a valuable exercise. With cheap financing abundant over the last few years, there are a large number of plausible sounding new technologies available to investors at present. Even if we can see the potential in some of these, we will not invest in them if there is no realistic path towards cash flow returns that are amongst the highest in the market over our forecast period. History suggests that the ultimate beneficiaries of these technologies will often look very different to today's view and many will likely fail to deliver commercial success.

Over the course of 2018, we have reduced the economic sensitivity of the businesses held by the portfolio, selling those whose path to higher cash flows was reliant upon the economic cycle and prioritising companies which have greater control of their own cash flow. The portfolio continues to enjoy a lower level of leverage than the broader market.

As we move into 2019, there are a number of themes that have provided good Future Quality stocks for the portfolio. These include:

**Healthcare** – although pricing pressure on 'me-too' pharmaceuticals looks likely to intensify as governments globally struggle to care for ageing populations, opportunities do exist. Last year saw a record level of new drugs approved by the US Food & Drug Administration. Where companies can successfully innovate for the greatest healthcare challenges facing us (including diabetes and cancer), there is likely still a path to attractive pricing.

**China** – while rising trade tensions, tighter bank lending and a shift in Chinese economic imperatives continue to weigh on some economic sectors, others remain better placed. We still believe that businesses that offer the building blocks for the long-term economic development of China offer attractive growth. For example, low insurance penetration and limited social welfare provision, together with a growing need for retirement savings should underpin growth for some businesses. The ongoing modernisation of China's healthcare infrastructure also holds opportunities.

While the market weakness that we saw in Q4 caused some real concerns, there are still reasons to be optimistic for parts of the economy. The excesses that heralded the last recessions are generally absent and consumers' financial standings are in a relatively more robust state. We do, however, believe that the economic environment will be more testing in the near future and strong management will be key if companies are to thrive. This should play well for the pillars that underpin our 'Future Quality' investing.

## **Singapore Dividend Equity Fund**

### **Portfolio Review**

#### ***Fund fell by 9.24% in SGD terms in 2018***

For the year ended 31 December 2018, the Singapore Dividend Equity Fund (the "Fund") posted a return of -9.24% (SGD terms, on a NAV-NAV basis). The Fund's holdings in DBS, Japfa and ST Engineering were the key contributors to absolute returns over the year. Conversely, the holdings in Thai Beverage, Keppel Corporation and Venture Corporation detracted from performance.

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## **Market Review**

### ***The Straits Times Index declined in 2018***

The Straits Times Index declined by 6.46% in 2018, closing out a challenging year amid persistent concerns about slowing global growth, tightening monetary policy and rising geopolitical tensions. At the start of the year, sentiment was buoyed by healthy corporate earnings and optimism about healthy global economic growth. However, new domestic cooling property measures subsequently weighed on sentiment, along with continued escalation in the US-China trade conflict. In November, China and the US appeared to reach a temporary ceasefire in their trade war, which briefly lifted markets. The US Federal Reserve (Fed) raised interest rates for the fourth time in the year in December, causing some uneasiness towards the year-end. On the domestic front, signs of a moderating manufacturing industry and weaker external demand dampened risk appetite towards the end of the year.

### ***Singapore economy grew 3.3% in 2018***

The first flash estimate of Singapore's fourth-quarter GDP growth came in slightly slower than the previous quarter at 2.2% year-on-year (YoY), underperforming expectations of 2.5%. Manufacturing was the main driver of growth, led by strength in the electronics and biomedical sub-sectors. In contrast, lacklustre domestic data such as flat November bank loans and lower October retail sales corresponded with a slight deterioration in services sector momentum. The contraction in construction continued due to weak public sector activity. Overall, the Ministry of Trade and Industry reported full-year 2018 GDP growth of around 3.3% for 2018, at the higher end of its forecast. The latest Monetary Authority of Singapore (MAS) 2019 expected GDP range of between 1.5-3.5% should still hold despite external risks but the modern services sub-sector (namely the "digital economy") could overtake export-orientated activities.

### ***Inflationary pressures accelerated***

The period saw a slight acceleration in inflationary pressures. Core inflation in particular jumped to 1.9% YoY - a four-year high - in July, and stayed elevated throughout the second half of 2018. A steep increase in the cost of electricity and gas – reflecting an upward revision in electricity tariffs – was one of the main drivers of the steeper print. There was some moderation in both the headline and core prints toward the end of the year, with deepening communication deflation contributing to the easing in core CPI.

### ***Non-oil domestic exports (NODX) eased; industrial production (IP) remained relatively stable***

NODX growth moderated to a 4.2% monthly average in 2018, significantly lower than the 8.8% average in the previous year. China was the key drag in 2018, as shipments to the country dropped by 8.8% in the year, versus growth exceeding 30% in 2017. Meanwhile, industrial production growth stayed relatively stable over the period. IP growth rose to 7.6% YoY in November, registering well above expectations, due to a favourable base effect, as well as a jump in electronics output growth. Trade numbers have fluctuated in recent months, buffeted not just by seasonal factors and a mature electronics cycle, but also by the timing and perceived outcome of the escalating US trade disputes. The US-China trade truce might buy time for a more comprehensive action plan, yet such negotiations are inherently complex and the ongoing uncertainty has already hurt future investments.

## **Market Outlook and Strategy**

### ***Favouring industrials and consumer staples as the economic cycle matures***

We continue to see the Singapore market forming a firmer base as earnings expectations find a bottom in 2019. While the market has recovered modestly from its recent low, valuations remain close to what was seen during previous periods when economic growth was much more challenged. In comparison, expectations for both economic and corporate earnings growth in 2019 are muted but still resilient. We expect Singapore's 2019 economic growth to come in at slightly above 2%, and earnings growth estimates to moderate to the 3-5% range.

We continue to emphasise the importance of sector and stock selection this year, as we see continued bifurcation in earnings expectations as economic growth enters a more mature stage. We remain positive on industrials, which are typically beneficiaries in the latter part of the economic cycle where capital expenditure begins to accelerate. We also favour the consumer staples and food sector, where selling prices are typically positively correlated with inflation and demand is also more resilient in an environment of slower economic growth. In addition, we like proxies to consumption growth in the ASEAN region, which should see a healthy recovery alongside stabilising currencies.

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We continue to be positive on stocks which embody the New Singapore, i.e. companies which represent the future economy of Singapore. These companies tend to be in the services and innovation industries, encompassing sectors such as technology, data centres, healthcare, logistics, tourism and consumer services. We also see corporate restructuring as part of our New Singapore thesis, where companies look to reorganise themselves or reinvent their business models in order to be more relevant in the future economy.

Lastly, we continue to advocate investing in dividend stocks, especially where dividends are supported by healthy earnings growth. Remarkably, dividend expectations have remained much more resilient than earnings estimates. That is a testament to the underlying quality of the earnings, cash flows and balance sheets of Singapore corporates. Forward dividend yields are one of the most attractive in the Asian region, highlighting the importance of dividends as part of the total return equation for investing in Singapore stocks.

## **Horizon Singapore Fixed Income Enhanced Fund**

### **Portfolio Review**

#### ***Fund underperformed the benchmark in 2018***

In the year ending 31 December 2018, the Horizon Singapore Fixed Income Enhanced Fund (the "Fund") posted a return of 0.94% (SGD terms, on a NAV-NAV basis), underperforming its benchmark, the iBoxx ALBI Singapore Government Total Return Index, which returned 2.45% (SGD terms) during the period. The underperformance was mostly due to the underweight in duration and overweight in credits. This was an active management decision to take advantage of the lagging valuations of credits which had missed the year-end Singapore Government Securities (SGS) rally. Much of the underperformance has been made up in 2019 and the portfolio is now better positioned in higher carry credits than before.

### **Market Review**

#### ***Yields of SGS rose in 2018***

2018 turned out to be a year of high volatility for global rates markets, including SGS. The SGS yield curve bear flattened in the year. Short to mid-dated yields rose while very long-dated yields fell, outperforming their US Treasury (UST) counterparts, as the latter saw yields rising about 28 to 98 basis points (bps) across the curve. The year opened with a steep rise in risk-free rates, prompted by optimism in the global economy, with positive macro news from both developed and Emerging Markets (EM) fueling expectations that global growth could remain well above trend. Subsequent firmer inflation readings triggered heightened expectations that the US Federal Reserve (Fed) could accelerate monetary policy tightening. Fears of swifter global liquidity withdrawal, together with a steep rise in oil prices, triggered outflows from EM assets including Asia. US trade policy took center stage soon after, with the US getting embroiled in a tit-for-tat trade battle on several fronts. Notably, US President Trump's hard line stance on trade was most pronounced against China. Uncertainty over the outlook for global trade provided a cap for UST yields. Meanwhile, idiosyncratic concerns in Turkey and Argentina adversely affected investor sentiment for risky assets. Towards the end of the year, 10-year UST yields collapsed in the wake of a major equity sell-off and increasing policy uncertainty. A lack of concrete progress in the US-China trade talks despite a 90-day truce led to swings in trade flows and slowing investments. In addition to slower growth in China, Eurozone economies also hit a soft patch. These factors, together with Federal Reserve Chairman Jerome Powell's less dovish (relative to market's expectations) statement in December, sent equity indices to the year's lows and 10-year yields heading towards levels last seen in January 2018.

Overall, 2 and 10-year SGS yields ended at 1.87% and 2.03% respectively, about 23bps and 3bps higher compared to end-2017. Meanwhile, the Singapore Dollar ended about 2% weaker than the US Dollar in the year, as the latter enjoyed broad-based strength against most currencies, amidst weak risk sentiment and monetary tightening by the Fed.

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### ***Singapore 2018 GDP growth moderated***

The Singapore economy grew 3.2% for all of 2018, easing from the 3.6% growth in the previous year. The moderation was driven primarily by weakness in the external front. Going forward, the Ministry of Trade and Industry forecasts growth to register between 1.5 - 3.5% in 2019, with growth likely to print slightly below the midpoint of the forecast range.

### ***Core inflationary pressures rose; Monetary Authority of Singapore (MAS) tightened its FX policy***

Headline CPI reached a high of 0.7% Year-on-Year (YoY) in August, while the MAS' measure of core inflation, which excludes private road transport and accommodation costs, accelerated to 1.9%, and stayed there for the most part of the second half of 2018. The pick-up in core inflation was driven in part by a steep rise in the costs of electricity and gas. Rising inflationary pressures prompted the MAS to tighten its FX policy twice in 2018. The monetary authority increased the slope of the SGDNEER policy band "slightly" in both April and October, but left the width of the policy band and the level at which it is centred unchanged in both months.

### **Market Outlook and Strategy**

#### ***A 'neutral-overweight' view on SGS***

The January 2019 SGS sell-off and relative underperformance against USTs left the SGS curve better valued for the expected pause in Fed rate hikes. Economic indicators have been mixed both in the US and Singapore though US labour and wage data were strong despite the partial government shutdown. The Federal Open Market Committee's (FOMC) response to weakening growth and market instability was dovish but since they reiterated their data-driven approach, mixed data increases the uncertainty of policy direction. Seemingly smooth progress in US-China trade talks also reduced market volatility. 1-10 year SGS bear steepened, but remained relatively flat by historical standards especially in the short-end. We are cautiously optimistic on long-end SGS after the sell-off and a 'neutral-overweight' view would be appropriate.

#### ***Holding a 'neutral' view on the Singapore Dollar***

MAS' April policy stance will be influenced by the assessments made by the FOMC at their March meeting. However, with core inflation rebounding slightly higher, MAS may still tighten policy to 'neutral' from the current 'slightly accommodative' stance. Much depends on the external outlook and global demand – MAS is more likely to move if export demand rebounds and energy prices rise on the back of that. In the meantime, the SGDNEER is likely to be range-bound between recovering Asia EM currencies and a lower USD, leading us to maintain a 'neutral' view.

### **Horizon Global Bond Fund (S\$ Hedged)**

#### **Portfolio Review**

#### ***Fund marginally underperformed the benchmark in 2018***

The Horizon Global Bond Fund (S\$ Hedged) (the "Fund") returned -0.83% (SGD terms, on a NAV-NAV basis) for the year ending 31 December 2018, underperforming the benchmark which returned 1.06%.

The Fund outperformed the benchmark in the first quarter of 2018, driven by rates and currency positioning. In rates, the underweight in the UK and overweight in Brazil added meaningful value. In active currencies, the overweight to the British pound, Mexican peso and Japanese yen drove performance. This was slightly moderated by the underweight to the Swiss franc. In credits, an underweight to agency RMBS and an overweight to non-agency RMBS generated gains. These were offset however by an overweight to investment-grade financials.

The Fund finished behind the benchmark over the second quarter. Credit performance was flat as the overweight to corporate high yield and investment-grade financials, pulled back the gains added through underweights to investment-grade industrials and non-agency mortgages. Active currency positioning was positive through underweights to the Hungarian forint, Swiss franc and New Zealand dollar, but this was offset by the overweight to the Japanese yen, British pound and Mexican peso. Rates positioning was negative through an overweight in Brazil, however the underweight in Italy hindered further underperformance.

The Fund finished slightly behind the benchmark in the third quarter. Rates positioning was positive through the underweight in the UK, Italy and Japan. The Fund's overweight in the US, Mexico and Canada had a negative effect.

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In credits, the overweight to non-agency mortgages and corporate high yield, added value. The underweight to investment-grade industrials was a slight detractor. In active currency positioning, an overweight to the Mexican peso and underweight to New Zealand dollar generated some gains. These were offset by the overweight to Japanese yen and Russian rouble.

The Fund finished behind the benchmark in the fourth quarter. Rates positioning proved beneficial via the overweight in the US, Brazil and Canada. The underweight in the UK weighed slightly. In credit, underweights to investment-grade industrials and emerging market names added some value. This was offset by the overweight to IG financials and high yield. Returns from the overweight to non-agencies have been below expectations, and this also weighed on performance. Active currency positioning was negative via the overweight to the Colombian peso, Mexican peso, Norwegian krone and the underweight to the Indonesian rupiah. However, the overweight to the Japanese yen had a slightly positive effect.

### **Market Review**

The Bloomberg Barclays Global Aggregate Bond Index increased 1.4% in unhedged US dollar terms in the first quarter. On the back of positive economic data, the US Federal Reserve (Fed) raised its benchmark interest rate. Similarly, the European Central Bank (ECB) and Bank of England (BoE) adopted a more hawkish stance on their policies but held their respective interest rates. Meanwhile, US president Trump introduced major tariffs on Chinese imports, whilst Germany finally formed a coalition government and the UK managed to wrangle out a transition deal with the EU. The US dollar weakened over the period whilst commodity prices strengthened slightly. In emerging market debt (EMD), local currency EMD increased 4.4% on the back of US dollar weakness. Hard currency EMD fell 1.8% and corporate EMD lost 1.1%.

Market volatility informed upon credit markets. Global investment-grade (IG) credit spreads widened by 12 basis points (bps) to 99bps, led by EU IG (9bps to 81bps) and US IG (14bps to 103bps). US corporate high yield spreads widened by 11bps to 354bps, whilst European high yield spreads widened by 34bps to 313bps. In corporate bond market news, new issuances were more subdued this quarter, although some deals did trickle through. One of which came from CVS Health Corp, who issued \$40 billion of investment-grade debt in nine tranches to fund its acquisition of Aetna Inc.

The Bloomberg Barclays Global Aggregate Bond Index declined -2.8% in unhedged US dollar terms in the second quarter of 2018. Geopolitics, a higher rates environment and trade tensions kept investors on edge. Meanwhile, the Fed raised rates and the BoE and ECB engendered a more hawkish stance despite keeping their monetary policies on hold. Over the period, the US dollar strengthened and oil prices increased. In EMD, the fear of trade wars and a stronger US dollar weighed heavily on performance. Local currency EMD declined 10.4%. Hard currency EMD fell 3.5% and corporate EMD lost 1.8%.

Market volatility led to the notable widening of credit spreads. Global IG credit spreads widened by 16bps to 115bps, led by EU IG (+24bps to 105bps) and US IG (+13bps to 116bps). US corporate high yield spreads widened by 9bps to 363bps, whilst European high yield spreads widened by a stark 80bps to 393bps. In corporate bond market news, new issuances picked up this quarter with companies such as Bayer (\$15 billion) and Walmart (\$16 billion) bringing major deals to the markets.

The Bloomberg Barclays Global Aggregate Bond Index returned -0.9% in the third quarter. Trade war rhetoric, sanctions, European politics and volatility in the Emerging Market currencies space, engendered a mixed environment over the quarter. Over the period, the US dollar strengthened slightly and oil prices increased. In the US, employment data remained robust, whilst the core inflation rate moderated to 2.2% Year-on-Year (YoY) in August. Moreover, the final second quarter GDP growth rate print was crystallised at 4.2% Quarter-on-Quarter (QoQ). On the back of this strong economic data set, the Fed predictably raised its interest rate by 25bps to 2.25% (the highest level since April 2008). Across the pond, euro zone economic data showed some signs of slowing down and Italian bonds sold-off after the country's populist government agreed a budget with bigger spending plans than expected. The UK benchmark 10-year gilt increased by 30bps to 1.57% and the German equivalent widened by 17bps to 0.47%. In Japan, the 10-year bond yield increased by 9bps to 0.13% after the Bank of Japan eased its policy of controlling the benchmark 10-year yield level.



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Global IG credit spreads tightened by 11bps to 104bps. Sanctions and the trade war developments between the US and China, remained on investors' mind. However, concerns moderated towards the end of the quarter, especially as promising agreements between the US, Canada and Mexico, in relation to the NAFTA deal, provided some light at the end of the tunnel. In EMD, local EMD (-1.8%) sold off on the back of trade and currency volatility involving China, Turkey and Argentina primarily. Hard currency EMD managed to eke out a 1.9% return, whilst corporate EMD climbed 1.3% (USD terms).

The Bloomberg Barclays Global Aggregate Bond Index was up by 1.2% (in unhedged USD terms) in the fourth quarter. The Fed delivered a broadly hawkish interest rate hike in December, whilst the BoE kept its monetary policy held - expressing concerns about a no-deal Brexit. The ECB meanwhile, ended its bond purchases programme despite slowing economic growth and rising political uncertainties. Over the period, the US dollar was stronger and oil prices decreased notably. In the US, employment data came in largely robust, whilst the latest core inflation rate settled to 2.2% YoY in November. The final third quarter GDP growth reading was also confirmed at 3.4% QoQ - a slight slowdown from the previous quarter's 4.2% QoQ growth. The Fed raised its interest rate to 2.5% in December coupled with a more hawkish outlook.

Global IG credit spreads widened by 37bps to 141bps. In EMD, local EMD managed to eke out a 2.1% return on the back of strength in several EM currencies (Turkish lira, Brazilian real, Indian rupee). Hard currency EMD declined 1.2% whilst corporate EMD was flat (USD terms).

### **Market Outlook and Strategy**

We believe 2019 will feature volatile equity markets that deliver mid-single-digit returns, with better potential in Europe and Japan compared to the US. We have an underweight preference for US equities, mostly driven by expensive valuations.

We expect the US Fed to follow its December rate rise with three to four additional hikes in 2019, which will probably lead to an inversion of the US Treasury yield curve.

In euro zone equity markets, we expect 8% growth in earnings per share in 2019, which would be a positive outcome for investors relative to what they have experienced over the past two decades. To achieve that profit increase, euro zone GDP growth needs to stay at or slightly above the long run potential of around 1.5%, which we think is very achievable. The main risks to the benign cycle view are the budget conflict between Italy and the European Union, a disorderly Brexit and an escalation of the global trade war. Our base case is for these three risks to fade during the course of 2019.

In Asia Pacific, we foresee another solid year. We expect emerging Asia to deliver over 10% in earnings growth, while we view Japan as well-placed to exceed modest industry consensus expectations.

We like the value offered by US Treasuries. Our models give a fair-value yield of 2.7% for the US 10-year bond. We see German, Japanese and UK bonds as very expensive, with yields well below fair value. The cycle is a headwind for all bond markets as inflation pressures build and central banks tighten further, such as the Fed and BoE, or move away from extreme stimulus, such as the ECB and Bank of Japan (BOJ). High yield credit is expensive and losing cycle support, as is typical late in the cycle, when profit growth slows and there are concerns about defaults.

In terms of currencies, the yen is our preferred currency. It is significantly undervalued, getting cycle support as the BOJ becomes less dovish and has contrarian sentiment support from extreme market short positions. The euro and UK sterling appear undervalued as we move into 2019. The recovery in European economic indicators should support the euro. Sterling will be volatile around the Brexit negotiations, but should rebound if a deal is agreed with the European Union. We think it has more upside potential than the euro. We also believe that the US dollar has modest upside potential.

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The Fund may use or invest in financial derivative instruments. Where the Fund feeds into the underlying funds which use or invest in financial derivatives, there is a possibility that the Fund's NAV may be subject to volatility due to usage or investment in financial derivatives.

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

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The CPF interest rate for the Ordinary Account ("OA") is based on the 12-month fixed deposit and month-end savings rates of major local banks, subject to a minimum 2.5% interest per annum. The interest rate for Special, Medisave and Retirement Accounts ("SMRA") is pegged to the 12-month average yield of 10-year Singapore Government Securities yield plus 1%. A 4% floor rate will be maintained for interest earned on SMRA until 31 December 2019, after which a 2.5% minimum rate will apply. An extra 1% interest is paid on the first S\$60,000 of a member's combined balances, including up to S\$20,000 in the OA. The first S\$20,000 in the OA and the first S\$40,000 in the Special Account ("SA") cannot be invested under the CPF Investment Scheme ("CPFIS").

### **For Hong Kong Investors**

The fund is only offered to professional investors and is not authorized by the Securities and Futures Commission in Hong Kong. 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



## SOFT DOLLAR COMMISSIONS/ARRANGEMENTS

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### Appointment of soft dollar brokers

The Managers will only appoint soft dollar brokers onto their broker panel after they have ensured that:

- a) full disclosure of the practice of accepting soft dollars is made;
- b) the commission rates charged are comparable with the market rates;
- c) there is no conflict of interest;
- d) the soft dollar credits are used only for clearly defined services;
- e) at all times trades are executed through the respective brokers only on the basis of best execution regardless whether soft dollar benefits will accrue. Best execution shall include competitive prices with smooth execution ability; and
- f) relevant regulations and guidelines are complied with.

The procedures for the appointment of the brokers shall be no different from that of normal full service brokers.

### Execution and allocation

If the Trustee objects to the use of the soft dollar brokers, the trades of the Sub-Funds shall be segregated from the rest of the trades that are executed through the relevant soft dollar broker(s). The Managers will execute trades for such accounts only with authorised full service brokers.

The Managers are responsible for ensuring that the allocation quotas are adhered to. In addition, the Managers will monitor the execution ability of the soft dollar brokers and assign the business strictly on a "best execution" basis.

Subject to the provisions of the Code\*, in their management of the Sub-Funds, the Managers may receive soft dollar commissions from, or enter into soft dollar arrangements with, stockbrokers who execute trades on behalf of the Sub-Funds and the soft dollars received would be restricted to the following kinds of services:

- a) specific advice as to the advisability of dealing in, or of the value of any investments;
- b) research and advisory services;
- c) economic and political analysis;
- d) portfolio analysis including valuation and portfolio measurements;
- e) market analysis;
- f) data and quotation services;
- g) computer hardware or software that are used to support the investment decision making process, the giving of advice, or the conduct of research or analysis; and
- h) custodial services in relation to the investments managed for clients.

The following are, however, prohibited:

- a) travel, accommodation and entertainment expenses;
- b) general administrative goods and services including office equipment and premises;
- c) membership fees;
- d) employee salaries; and
- e) direct money payments / rebates.

The Managers will retain the records of the payments made using soft dollar commissions.

Please note that with effect from 25 January 2018, the Managers have ceased to receive soft dollar commissions, or enter into soft dollar arrangements, in their management of the Sub-Funds.

\* The "**Code**" means the Code on Collective Investment Schemes issued by the Authority pursuant to the Securities and Futures Act, as may be amended, modified, or supplemented from time to time by the Authority.

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### **Russell Investments' underlying investment advisers' participation in soft dollars/soft commissions**

Each of the money managers (appointed by Russell Investments) and/or Russell Investments may enter into transactions on a soft commission basis, i.e., utilise the services and expertise of brokers in return for the execution of trades through such brokers, provided that the transactions are entered into on the principle of best execution, the benefits provided in the transaction will assist in the provision of investment services to the RIC, and such transactions are disclosed in the next succeeding annual or half-yearly report of the RIC. Where appropriate, any such arrangements will comply with the requirements of Article 11 of the MiFID II Delegated Directive. Any transaction must be in the best interests of Shareholders and must provide benefits that will assist in the provision of investment services to the RIC.

### **Russell Investments' soft commission and commission recapture programme**

Russell Investments retains the right to request that the investment advisers participate in Russell Investments' soft commission and commission recapture programme (the "Programme") through the use (and execution) of a portion of the fund's trading activity through various brokers. Russell Investments' Programme is administered by Recapture Services, a division of BNY ConvergEx Execution Solutions LLC ("BNY"). Participation in Russell Investments' Programme is not mandatory and the appropriate participation percentage target is determined on an investment adviser by investment adviser basis, based upon asset class, investment mandate, trading habits, and tolerance for participation. Participation is always subject to an investment adviser's ability to obtain best execution.

As a result of this trading activity, BNY will set aside a portion of these commissions as "credits". Credits generated for soft commissions will be used by Russell Investments to purchase research that will aid Russell Investments in its investment decision-making process. Research used by Russell Investments will meet local regulations in terms of services that are eligible based on local regulatory guidance. All soft commission use is overseen by Russell Investments' soft commission committee which is made up of senior level investment personnel. The committee, with the guidance of Russell Investments' investment strategy committee will establish an annual soft commission budget. Once this budget has been met all future commissions will be recaptured directly back to the funds from which the commissions were generated. Russell Investments does not receive any revenue (directly or indirectly from BNY or any broker) from the commission recapture component of the Programme.

The Sub-Managers do not receive or intend to receive any soft dollars in their management of the Nikko AM Global Dividend Equity Fund.

## **NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**

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

### **REPORT OF THE TRUSTEE**

*For the financial year ended 31 December 2018*

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The Trustee is under a duty to take into custody and hold the assets of the sub-funds of Nikko AM Shenton Horizon Investment Funds, namely Nikko AM Global Dividend Equity Fund, Horizon Global Bond Fund (S\$ Hedged), Singapore Dividend Equity Fund and Horizon Singapore Fixed Income Enhanced Fund (collectively referred to as the "Sub-Funds") in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), 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 Sub-Funds during the financial year covered by these financial statements, set out on pages 21 to 80, 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 2019

## **NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**

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

### **STATEMENT BY THE MANAGER**

*For the financial year ended 31 December 2018*

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In the opinion of Nikko Asset Management Asia Limited, the accompanying financial statements set out on pages 21 to 80, comprising the Statements of Total Return, Statements of Financial Position, Statements of Movements of Unitholders' Funds, Statements of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial positions and the portfolio holdings of the sub-funds of Nikko AM Shenton Horizon Investment Funds, namely Nikko AM Global Dividend Equity Fund, Horizon Global Bond Fund (S\$ Hedged), Singapore Dividend Equity Fund and Horizon Singapore Fixed Income Enhanced Fund (collectively referred to as the "Sub-Funds") as at 31 December 2018, and the financial performance and moments in unitholders' funds for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Sub-Funds 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 2019

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE UNITHOLDERS OF NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

***Our Opinion***

In our opinion, the accompanying financial statements of the sub-funds of Nikko AM Shenton Horizon Investment Funds, namely Nikko AM Global Dividend Equity Fund, Horizon Global Bond Fund (S\$ Hedged), Singapore Dividend Equity Fund and Horizon Singapore Fixed Income Enhanced Fund (collectively referred to as the "Sub-Funds") are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, so as to present fairly, in all material respects, the financial positions and portfolio holdings of the Sub-Funds as at 31 December 2018, and of 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 Sub-Funds comprise:

- the Statements of Total Return for the financial year ended 31 December 2018;
- the Statements of Financial Position as at 31 December 2018;
- the Statements of Movements of Unitholders' Funds for the financial year ended 31 December 2018;
- the Statements of Portfolio as at 31 December 2018; and
- the notes to the financial statements, including a summary of significant accounting policies.

***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 Sub-Funds 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 Sub-Funds' 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 SHENTON HORIZON INVESTMENT FUNDS**  
*(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 Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants 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 Sub-Funds' 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 Sub-Funds or to cease the Sub-Funds' operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Sub-Funds' 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 Sub-Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE UNITHOLDERS OF NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

- 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 Sub-Funds' 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 Sub-Funds to cease to continue as a going concern.
- 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 2019

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENTS OF TOTAL RETURN**  
*For the financial year ended 31 December 2018*

	Note	Nikko AM Global Dividend Equity Fund		Horizon Global Bond Fund (S\$ Hedged)	
		2018 US\$	2017 US\$	2018 S\$	2017 S\$
<b>Income</b>					
Dividends		3,267,339	3,218,417	-	-
Interest		11,047	3,169	6,200	1,212
Other Income		-	3,683	-	-
		<b>3,278,386</b>	<b>3,225,269</b>	<b>6,200</b>	<b>1,212</b>
<b>Less: Expenses</b>					
Management fee		1,147,839	1,195,374	306,409	328,440
Management fee rebate		-	-	(154,265)	(164,697)
Registrar fee		33,127	31,917	18,387	17,534
Trustee fee		25,197	26,933	8,127	8,738
Custody fee		18,635	20,707	-	-
Audit fee		9,717	9,142	2,826	2,494
Valuation fee		37,978	40,514	12,257	13,139
Transaction costs		87,041	107,928	11,025	9,325
Other expenses		54,237	62,191	19,384	16,472
		<b>1,413,771</b>	<b>1,494,706</b>	<b>224,150</b>	<b>231,445</b>
<b>Net income/(losses)</b>		<b>1,864,615</b>	<b>1,730,563</b>	<b>(217,950)</b>	<b>(230,233)</b>
<b>Net gains or losses on value of investments and financial derivatives</b>					
Net (losses)/gains on investments		(9,962,078)	11,674,210	41,957	81,646
Net foreign exchange (losses)/gains		(61,084)	32,660	(8,915)	(51,055)
Net (losses)/gains on financial derivatives		(2,149,359)	5,904,185	(45,455)	844,929
		<b>(12,172,521)</b>	<b>17,611,055</b>	<b>(12,413)</b>	<b>875,520</b>
<b>Total (deficit)/return for the financial year before income tax</b>		<b>(10,307,906)</b>	<b>19,341,618</b>	<b>(230,363)</b>	<b>645,287</b>
<b>Less: Income tax</b>	3	<b>(621,928)</b>	<b>(586,409)</b>	<b>-</b>	<b>-</b>
<b>Total (deficit)/return for the financial year after income tax</b>		<b>(10,929,834)</b>	<b>18,755,209</b>	<b>(230,363)</b>	<b>645,287</b>

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



**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENTS OF TOTAL RETURN**  
*For the financial year ended 31 December 2018*

	Note	Singapore Dividend Equity Fund		Horizon Singapore Fixed Income Enhanced Fund	
		2018 S\$	2017 S\$	2018 S\$	2017 S\$
<b>Income</b>					
Dividends		6,359,258	4,759,583	-	-
Interest		25,478	3,531	-	-
		<u>6,384,736</u>	<u>4,763,114</u>	<u>-</u>	<u>-</u>
<b>Less: Expenses</b>					
Management fee		2,066,751	1,796,207	253,949	241,729
Management fee rebate		(626)	(321)	-	-
Registrar fee		121,756	100,704	16,962	16,817
Trustee fee		54,819	47,847	8,418	8,040
Custody fee		46,251	40,831	6,026	5,880
Audit fee		21,544	18,189	3,395	2,764
Valuation fee		88,324	76,810	12,699	12,091
Transaction costs		331,536	407,145	5,013	6,678
Other expenses		140,452	87,721	21,599	18,913
		<u>2,870,807</u>	<u>2,575,133</u>	<u>328,061</u>	<u>312,912</u>
<b>Net income/(losses)</b>		<u>3,513,929</u>	<u>2,187,981</u>	<u>(328,061)</u>	<u>(312,912)</u>
<b>Net gains or losses on value of investments</b>					
Net (losses)/gains on investments		(20,503,337)	29,180,818	479,955	1,383,134
Net foreign exchange gains/(losses)		69,259	(168,883)	-	(1)
		<u>(20,434,078)</u>	<u>29,011,935</u>	<u>479,955</u>	<u>1,383,133</u>
<b>Total (deficit)/return for the financial year before income tax</b>		<u>(16,920,149)</u>	<u>31,199,916</u>	<u>151,894</u>	<u>1,070,221</u>
<b>Less: Income tax</b>	3	<u>(103,302)</u>	<u>(95,424)</u>	<u>-</u>	<u>-</u>
<b>Total (deficit)/return for the financial year after income tax</b>		<u>(17,023,451)</u>	<u>31,104,492</u>	<u>151,894</u>	<u>1,070,221</u>

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

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
(Constituted under a Trust Deed registered in the Republic of Singapore)

**STATEMENTS OF FINANCIAL POSITION**

As at 31 December 2018

	Note	Nikko AM Global Dividend Equity Fund		Horizon Global Bond Fund (S\$ Hedged)	
		2018 US\$	2017 US\$	2018 S\$	2017 S\$
<b>ASSETS</b>					
Portfolio of investments		64,159,917	80,598,159	22,090,923	25,001,997
Sales awaiting settlement		-	-	18,489	3,502
Receivables	4	143,687	158,987	-	-
Cash and bank balances		2,205,686	1,337,436	602,447	1,089,721
Financial derivatives at fair value	6	210,854	751,369	216,620	235,851
<b>Total assets</b>		<b>66,720,144</b>	<b>82,845,951</b>	<b>22,928,479</b>	<b>26,331,071</b>
<b>LIABILITIES</b>					
Payables	5	369,767	464,350	72,911	74,953
Purchases awaiting settlement		-	-	-	223,915
Distribution payable		20,109	33,896	-	-
Financial derivatives at fair value	6	18,227	-	38,797	64,632
<b>Total liabilities</b>		<b>408,103</b>	<b>498,246</b>	<b>111,708</b>	<b>363,500</b>
<b>EQUITY</b>					
Net assets attributable to unitholders	7	66,312,041	82,347,705	22,816,771	25,967,571
<b>ASSETS</b>					
	Note	Singapore Dividend Equity Fund		Horizon Singapore Fixed Income Enhanced Fund	
		2018 S\$	2017 S\$	2018 S\$	2017 S\$
Portfolio of investments		176,535,403	144,235,878	23,661,470	23,688,531
Sales awaiting settlement		57,526	-	-	-
Receivables	4	735,068	534,284	25,578	19,392
Cash and bank balances		6,827,531	3,143,691	156,090	990,856
<b>Total assets</b>		<b>184,155,528</b>	<b>147,913,853</b>	<b>23,843,138</b>	<b>24,698,779</b>
<b>LIABILITIES</b>					
Payables	5	1,071,483	1,302,402	85,460	93,425
Purchases awaiting settlement		-	-	-	520,637
Distribution payable		778,801	610,025	-	-
<b>Total liabilities</b>		<b>1,850,284</b>	<b>1,912,427</b>	<b>85,460</b>	<b>614,062</b>
<b>EQUITY</b>					
Net assets attributable to unitholders	7	182,305,244	146,001,426	23,757,678	24,084,717

The accompanying notes form an integral part of these financial statements

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENTS OF MOVEMENTS OF UNITHOLDERS' FUNDS**

*For the financial year ended 31 December 2018*

	Note	Nikko AM Global Dividend Equity Fund		Horizon Global Bond Fund (S\$ Hedged)	
		2018 US\$	2017 US\$	2018 S\$	2017 S\$
<b>Net assets attributable to unitholders at the beginning of the financial year</b>		<b>82,347,705</b>	77,487,323	<b>25,967,571</b>	26,113,545
<b>Operations</b>					
Change in net assets attributable to unitholders resulting from operations		<b>(10,929,834)</b>	18,755,209	<b>(230,363)</b>	645,287
<b>Unitholders' contributions/ (withdrawals)</b>					
Creation of units		<b>6,974,669</b>	3,940,306	<b>1,677,520</b>	2,888,187
Cancellation of units		<b>(11,712,181)</b>	(17,376,536)	<b>(4,597,957)</b>	(3,679,448)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		<b>(4,737,512)</b>	(13,436,230)	<b>(2,920,437)</b>	(791,261)
Distributions	8	<b>(368,318)</b>	(458,597)	-	-
Total (decreases)/increase in net assets attributable to unitholders		<b>(16,035,664)</b>	4,860,382	<b>(3,150,800)</b>	(145,974)
<b>Net assets attributable to unitholders at the end of the financial year</b>	7	<b>66,312,041</b>	82,347,705	<b>22,816,771</b>	25,967,571

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

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENTS OF MOVEMENTS OF UNITHOLDERS' FUNDS**

*For the financial year ended 31 December 2018*

	Note	Singapore Dividend Equity Fund		Horizon Singapore Fixed Income Enhanced Fund	
		2018 S\$	2017 S\$	2018 S\$	2017 S\$
<b>Net assets attributable to unitholders at the beginning of the financial year</b>		<b>146,001,426</b>	135,106,557	<b>24,084,717</b>	24,096,998
<b>Operations</b>					
Change in net assets attributable to unitholders resulting from operations		<b>(17,023,451)</b>	31,104,492	<b>151,894</b>	1,070,221
<b>Unitholders' contributions/ (withdrawals)</b>					
Creation of units		<b>92,683,723</b>	45,606,498	<b>4,840,677</b>	1,544,819
Cancellation of units		<b>(30,934,994)</b>	(58,588,151)	<b>(5,319,610)</b>	(2,627,321)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		<b>61,748,729</b>	(12,981,653)	<b>(478,933)</b>	(1,082,502)
Distributions	8	<b>(8,421,460)</b>	(7,227,970)	-	-
Total increases/(decreases) in net assets attributable to unitholders		<b>36,303,818</b>	10,894,869	<b>(327,039)</b>	(12,281)
<b>Net assets attributable to unitholders at the end of the financial year</b>	7	<b>182,305,244</b>	146,001,426	<b>23,757,678</b>	24,084,717

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

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
(Constituted under a Trust Deed registered in the Republic of Singapore)

**STATEMENTS OF PORTFOLIO**

As at 31 December 2018

Nikko AM Global Dividend Equity Fund			
By Geography (Primary)	Holdings at 31 December 2018	Fair value at 31 December 2018 US\$	Percentage of total net assets attributable to unitholders at 31 December 2018 %
<b>Quoted Equities</b>			
<b>AUSTRALIA</b>			
Ancor Limited	108,839	1,015,246	1.52
Caltex Australia Limited	36,862	661,225	1.00
Macquarie Group Limited	29,238	2,236,393	3.37
<b>Total AUSTRALIA</b>		<b>3,912,864</b>	<b>5.89</b>
<b>BRITAIN</b>			
Astrazeneca Public Listed Company	34,274	2,563,713	3.87
BAE Systems Public Listed Company	312,246	1,826,179	2.75
British American Tobacco Public Listed Company	22,348	712,007	1.07
Glaxosmithkline Public Listed Company	160,370	3,045,816	4.59
Johnson Matthey Public Listed Company	44,930	1,601,710	2.42
Prudential Public Listed Company	121,987	2,178,242	3.29
Unilever Public Listed Company	55,012	2,878,627	4.34
<b>Total BRITAIN</b>		<b>14,806,294</b>	<b>22.33</b>
<b>CANADA</b>			
Toronto-Dominion Bank	24,979	1,241,097	1.87
<b>Total CANADA</b>		<b>1,241,097</b>	<b>1.87</b>
<b>DENMARK</b>			
Tryg A/S	60,664	1,517,536	2.29
<b>Total DENMARK</b>		<b>1,517,536</b>	<b>2.29</b>
<b>FINLAND</b>			
Fortum OYJ	33,921	737,728	1.11
<b>Total FINLAND</b>		<b>737,728</b>	<b>1.11</b>
<b>FRANCE</b>			
Schneider Electric SE	14,101	962,660	1.45
Total SA	31,072	1,640,311	2.48
<b>Total FRANCE</b>		<b>2,602,971</b>	<b>3.93</b>
<b>GERMANY</b>			
BASF SE	9,369	647,751	0.98
Deutsche Telekom AG	64,559	1,094,094	1.65
<b>Total GERMANY</b>		<b>1,741,845</b>	<b>2.63</b>
<b>JAPAN</b>			
Daiwa House Industry Company Limited	22,600	720,547	1.09
Tokyo Electron Limited	5,900	673,003	1.00
<b>Total JAPAN</b>		<b>1,393,550</b>	<b>2.09</b>
<b>NETHERLANDS</b>			
Koninklijke Philips NV	32,917	1,163,867	1.76
<b>Total NETHERLANDS</b>		<b>1,163,867</b>	<b>1.76</b>

The accompanying notes form an integral part of these financial statements

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
(Constituted under a Trust Deed registered in the Republic of Singapore)

**STATEMENTS OF PORTFOLIO**

As at 31 December 2018

Nikko AM Global Dividend Equity Fund			
By Geography (Primary) (continued)			Percentage of total net assets attributable to unitholders at
	Holdings at 31 December 2018	Fair value at 31 December 2018 US\$	31 December 2018 %
<b>Quoted Equities (continued)</b>			
<b>NORWAY</b>			
Mowi ASA	81,449	1,718,491	2.59
<b>Total NORWAY</b>		<u>1,718,491</u>	<u>2.59</u>
<b>SINGAPORE</b>			
DBS Group Holdings Limited	51,800	900,303	1.36
<b>Total SINGAPORE</b>		<u>900,303</u>	<u>1.36</u>
<b>SPAIN</b>			
Bankinter SA	113,182	908,017	1.37
<b>Total SPAIN</b>		<u>908,017</u>	<u>1.37</u>
<b>SWEDEN</b>			
Swedbank AB	46,633	1,038,293	1.57
<b>Total SWEDEN</b>		<u>1,038,293</u>	<u>1.57</u>
<b>SWITZERLAND</b>			
Roche Holding AG	10,043	2,479,715	3.74
<b>Total SWITZERLAND</b>		<u>2,479,715</u>	<u>3.74</u>
<b>TAIWAN</b>			
Taiwan Semiconductor Manufacturing Company Limited	194,000	1,423,268	2.15
<b>Total TAIWAN</b>		<u>1,423,268</u>	<u>2.15</u>
<b>UNITED STATES OF AMERICA</b>			
AbbVie Incorporated	23,548	2,170,890	3.27
AT&T Incorporated	49,139	1,402,427	2.11
Cedar Fair LP	38,135	1,805,311	2.72
Chevron Corporation	20,237	2,201,988	3.32
Cisco Systems Incorporated	55,981	2,429,575	3.66
Coca-Cola Company	69,561	3,293,713	4.97
Microsoft Corporation	15,539	1,579,695	2.38
Occidental Petroleum Corporation	20,800	1,276,704	1.94
Pfizer Incorporated	72,876	3,181,037	4.80
Philip Morris International Incorporated	31,558	2,106,812	3.18
Six Flags Entertainment Corporation	33,285	1,851,645	2.79
<b>Total UNITED STATES OF AMERICA</b>		<u>23,299,797</u>	<u>35.14</u>
<b>Total Quoted Equities</b>		<u>60,885,636</u>	<u>91.82</u>

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**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENTS OF PORTFOLIO**

*As at 31 December 2018*

<b>Nikko AM Global Dividend Equity Fund</b>			
<b>By Geography (Primary) (continued)</b>	<b>Holdings at 31 December 2018</b>	<b>Fair value at 31 December 2018 US\$</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2018 %</b>
<b>Quoted Real Estate Investment Trusts</b>			
<b>SPAIN</b>			
Merlin Properties Socimi SA	97,563	1,202,842	1.81
<b>Total SPAIN</b>		<u>1,202,842</u>	<u>1.81</u>
<b>UNITED STATES OF AMERICA</b>			
Digital Realty Trust Incorporated	19,441	2,071,439	3.12
<b>Total UNITED STATES OF AMERICA</b>		<u>2,071,439</u>	<u>3.12</u>
<b>Total Quoted Real Estate Investment Trusts</b>		<u>3,274,281</u>	<u>4.93</u>
<b>Portfolio of investments</b>		64,159,917	96.75
<b>Other net assets</b>		<u>2,152,124</u>	<u>3.25</u>
<b>Net assets attributable to unitholders</b>		<u>66,312,041</u>	<u>100.00</u>

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

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENTS OF PORTFOLIO**

*As at 31 December 2018*

<b>By Geography (Summary)</b>	<b>Nikko AM Global Dividend Equity Fund</b>	
	<b>Percentage of total net assets attributable to unitholders at 31 December 2018</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2017</b>
	<b>%</b>	<b>%</b>
<b>Quoted Equities</b>		
Australia	5.89	5.07
Britain	22.33	14.66
Canada	1.87	5.32
Denmark	2.29	-
Finland	1.11	-
France	3.93	-
Germany	2.63	7.68
Japan	2.09	7.27
Netherlands	1.76	4.90
Norway	2.59	1.68
Singapore	1.36	-
Spain	1.37	2.86
Sweden	1.57	5.13
Switzerland	3.74	2.71
Taiwan	2.15	4.26
United States of America	35.14	30.82
<b>Total Quoted Equities</b>	<b>91.82</b>	<b>92.36</b>
<b>Quoted Real Estate Investment Trusts</b>		
Spain	1.81	2.50
United States of America	3.12	3.01
<b>Total Quoted Real Estate Investment Trusts</b>	<b>4.93</b>	<b>5.51</b>
<b>Quoted Derivatives</b>		
United States of America	-	0.01
<b>Total Quoted Derivatives</b>	<b>-</b>	<b>0.01</b>
<b>Portfolio of investments</b>	<b>96.75</b>	<b>97.88</b>
<b>Other net assets</b>	<b>3.25</b>	<b>2.12</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

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



**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENTS OF PORTFOLIO**

*As at 31 December 2018*

<b>Nikko AM Global Dividend Equity Fund</b>			
<b>By Industry (Secondary)</b>	<b>Fair value at 31 December 2018 US\$</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2018 %</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2017 %</b>
Aerospace/Defense	1,826,179	2.75	2.94
Agriculture	2,818,819	4.25	5.14
Auto Parts & Equipment	-	-	2.56
Banks	6,324,103	9.54	16.87
Beverages	3,293,713	4.97	2.72
Chemicals	2,249,461	3.39	4.06
Cosmetics/Personal Care	2,878,627	4.34	-
Diversified Financial Services	-	-	2.44
Electric	737,728	1.11	-
Electrical Component & Equipment	962,660	1.45	-
Electronics	1,163,867	1.76	2.37
Entertainment	3,656,956	5.51	5.70
Food	1,718,491	2.59	1.69
Home Builders	720,547	1.09	2.50
Insurance	3,695,778	5.57	3.82
Machinery-Diversified	-	-	2.21
Miscellaneous Manufacture	-	-	3.97
Oil and Gas	5,780,228	8.72	4.94
Packaging & Containers	1,015,246	1.53	1.60
Pharmaceuticals	13,441,171	20.27	10.97
Pipelines	-	-	2.44
Real Estate Investment Trusts (REITS)	3,274,281	4.94	5.51
Semiconductors	2,096,271	3.16	1.82
Software	1,579,695	2.38	5.84
Telecommunications	4,926,096	7.43	5.77
<b>Portfolio of investments</b>	<b>64,159,917</b>	<b>96.75</b>	<b>97.88</b>
<b>Other net assets</b>	<b>2,152,124</b>	<b>3.25</b>	<b>2.12</b>
<b>Net assets attributable to unitholders</b>	<b>66,312,041</b>	<b>100.00</b>	<b>100.00</b>

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

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENTS OF PORTFOLIO**

*As at 31 December 2018*

**Horizon Global Bond Fund (\$\$ Hedged)**

**By Geography (Primary)**

	Holdings at 31 December 2018	Fair value at 31 December 2018 S\$	Percentage of total net assets attributable to unitholders at 31 December 2018 %
<b>Quoted Investment Fund</b>			
<b>IRELAND</b>			
Russell Investment Company PLC - Russell Investment Global Bond Fund (Class A)	55,453	22,090,923	96.82
<b>Total IRELAND</b>		<b>22,090,923</b>	<b>96.82</b>
<b>Total Quoted Investment Fund</b>		<b>22,090,923</b>	<b>96.82</b>
<b>Portfolio of investments</b>		<b>22,090,923</b>	<b>96.82</b>
<b>Other net assets</b>		<b>725,848</b>	<b>3.18</b>
<b>Net assets attributable to unitholders</b>		<b>22,816,771</b>	<b>100.00</b>

**By Geography (Summary)**

	Percentage of total net assets attributable to unitholders at 31 December 2018 %	Percentage of total net assets attributable to unitholders at 31 December 2017 %
<b>Quoted Investment Fund</b>		
Ireland	96.82	96.28
<b>Total Quoted Investment Fund</b>	<b>96.82</b>	<b>96.28</b>
<b>Portfolio of investments</b>	<b>96.82</b>	96.28
<b>Other net assets</b>	<b>3.18</b>	3.72
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

As the sub-fund is invested wholly as a feeder-fund into an underlying investment fund, it is not meaningful to classify the investments into industry, country or asset classes.

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**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
(Constituted under a Trust Deed registered in the Republic of Singapore)

**STATEMENTS OF PORTFOLIO**

As at 31 December 2018

Singapore Dividend Equity Fund			
By Geography (Primary)	Holdings at 31 December 2018	Fair value at 31 December 2018 S\$	Percentage of total net assets attributable to unitholders at 31 December 2018 %
<b>Quoted Equities</b>			
<b>BERMUDA ISLANDS</b>			
Hongkong Land Holdings Limited	355,700	3,054,434	1.68
Valuetronics Holdings Limited	5,500,310	3,630,205	1.99
<b>Total BERMUDA ISLANDS</b>		<b>6,684,639</b>	<b>3.67</b>
<b>CHINA</b>			
Yangzijiang Shipbuilding Holdings Limited	4,138,300	5,172,875	2.84
<b>Total CHINA</b>		<b>5,172,875</b>	<b>2.84</b>
<b>HONG KONG SAR</b>			
Jardine Strategic Holdings Limited	123,500	6,179,562	3.39
<b>Total HONG KONG SAR</b>		<b>6,179,562</b>	<b>3.39</b>
<b>ISLE OF MAN</b>			
Genting Singapore Limited	1,725,900	1,682,752	0.92
<b>Total ISLE OF MAN</b>		<b>1,682,752</b>	<b>0.92</b>
<b>SINGAPORE</b>			
Banyan Tree Holdings Limited	1,934,500	1,112,338	0.61
Bukit Sembawang Estates Limited	221,900	1,253,735	0.69
Bumitama Agri Limited	3,337,500	2,069,250	1.14
Capitaland Limited	285,700	888,527	0.49
CSE Global Limited	8,929,500	3,393,210	1.86
DBS Group Holdings Limited	732,700	17,357,663	9.52
Frasers Property Limited	411,300	678,645	0.37
Health Management International Limited	3,417,145	1,845,258	1.01
Hong Leong Finance Limited	311,200	790,448	0.43
Hyphens Pharma International Limited	5,000,400	975,078	0.55
Japfa Limited	2,310,200	1,686,446	0.93
Jardine Cycle & Carriage Limited	25,100	887,285	0.49
Jumbo Group Limited	4,094,900	1,556,062	0.86
Keppel Corporation Limited	1,574,200	9,303,522	5.10
Keppel Telecommunications & Transportation Limited	474,600	882,756	0.48
Koufu Group Limited	2,514,700	1,546,540	0.85
Oversea-Chinese Banking Corporation Limited	1,551,200	17,466,512	9.58
Propnex Limited	390,800	187,584	0.10
RE&S Holdings Limited	1,166,200	262,395	0.14
SATS Limited	1,206,800	5,623,688	3.08
Sembcorp Industries Limited	1,400,800	3,558,032	1.95
Sembcorp Marine Limited	2,439,300	3,756,522	2.06
Sheng Siong Group Limited	1,576,600	1,671,196	0.92
Singapore Airlines Limited	570,300	5,372,226	2.95

The accompanying notes form an integral part of these financial statements

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENTS OF PORTFOLIO**

*As at 31 December 2018*

<b>Singapore Dividend Equity Fund</b>			
<b>By Geography (Primary) (continued)</b>			<b>Percentage of total net assets attributable to unitholders at</b>
	<b>Holdings at 31 December 2018</b>	<b>Fair value at 31 December 2018 S\$</b>	<b>31 December 2018 %</b>
<b>Quoted Equities (continued)</b>			
<b>SINGAPORE (continued)</b>			
Singapore Exchange Limited	123,200	880,880	0.48
Singapore Technologies Engineering Limited	2,091,100	7,297,939	4.00
Singapore Telecommunications Limited	1,576,800	4,620,024	2.53
United Overseas Bank Limited	650,800	15,990,156	8.77
Venture Corporation Limited	363,900	5,076,405	2.78
Wilmar International Limited	1,096,300	3,420,456	1.88
<b>Total SINGAPORE</b>		<b>121,410,778</b>	<b>66.60</b>
<b>THAILAND</b>			
Thai Beverage Public Company Limited	6,209,100	3,787,551	2.08
<b>Total THAILAND</b>		<b>3,787,551</b>	<b>2.08</b>
<b>Total Quoted Equities</b>		<b>144,918,157</b>	<b>79.50</b>

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

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
(Constituted under a Trust Deed registered in the Republic of Singapore)

**STATEMENTS OF PORTFOLIO**

As at 31 December 2018

<b>Singapore Dividend Equity Fund</b>			
<b>By Geography (Primary) (continued)</b>	<b>Holdings at 31 December 2018</b>	<b>Fair value at 31 December 2018 S\$</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2018 %</b>
<b>Quoted Investment Fund</b>			
<b>SINGAPORE</b>			
Keppel Infrastructure Trust	4,052,600	1,965,511	1.08
Netlink NBN Trust	3,626,700	2,774,426	1.52
<b>Total SINGAPORE</b>		<u>4,739,937</u>	<u>2.60</u>
<b>Total Quoted Investment Fund</b>		<u>4,739,937</u>	<u>2.60</u>
<b>Quoted Real Estate Investment Trusts</b>			
<b>HONG KONG SAR</b>			
Champion REIT	2,674,000	2,495,199	1.37
Link REIT	214,000	2,954,377	1.62
<b>Total HONG KONG SAR</b>		<u>5,449,576</u>	<u>2.99</u>
<b>SINGAPORE</b>			
Cache Logistics Trust	969,252	673,630	0.38
CDL Hospitality Trusts	1,355,800	1,979,468	1.09
Far East Hospitality Trust	4,648,100	2,812,100	1.54
Frasers Logistics & Industrial Trust	2,622,840	2,701,525	1.48
Keppel DC REIT	3,284,822	4,434,510	2.43
Keppel REIT	2,307,800	2,630,892	1.44
Mapletree Logistics Trust	3,488,600	4,395,636	2.41
Parkway Life Real Estate Investment Trust	684,400	1,799,972	0.99
<b>Total SINGAPORE</b>		<u>21,427,733</u>	<u>11.75</u>
<b>Total Quoted Real Estate Investment Trusts</b>		<u>26,877,309</u>	<u>14.74</u>
<b>Portfolio of investments</b>		<b>176,535,403</b>	<b>96.84</b>
<b>Other net assets</b>		<b>5,769,841</b>	<b>3.16</b>
<b>Net assets attributable to unitholders</b>		<u><b>182,305,244</b></u>	<u><b>100.00</b></u>

The accompanying notes form an integral part of these financial statements

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENTS OF PORTFOLIO**

*As at 31 December 2018*

<b>By Geography (Summary)</b>	<b>Singapore Dividend Equity Fund</b>	
	<b>Percentage of total net assets attributable to unitholders at 31 December 2018</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2017</b>
	<b>%</b>	<b>%</b>
<b>Quoted Equities</b>		
Bermuda Islands	<b>3.67</b>	5.01
China	<b>2.84</b>	-
Hong Kong SAR	<b>3.39</b>	-
Isle of Man	<b>0.92</b>	1.10
Singapore	<b>66.60</b>	66.69
Thailand	<b>2.08</b>	2.87
<b>Total Quoted Equities</b>	<b>79.50</b>	75.67
<b>Quoted Investment Fund</b>		
Singapore	<b>2.60</b>	3.67
<b>Total Quoted Investment Fund</b>	<b>2.60</b>	3.67
<b>Quoted Real Estate Investment Trusts</b>		
Hong Kong SAR	<b>2.99</b>	3.61
Singapore	<b>11.75</b>	15.84
<b>Total Quoted Real Estate Investment Trusts</b>	<b>14.74</b>	19.45
<b>Portfolio of investments</b>	<b>96.84</b>	98.79
<b>Other net assets</b>	<b>3.16</b>	1.21
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	100.00

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

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
(Constituted under a Trust Deed registered in the Republic of Singapore)

**STATEMENTS OF PORTFOLIO**

As at 31 December 2018

<b>Singapore Dividend Equity Fund</b>			
<b>By Industry (Secondary)</b>	<b>Fair value at 31 December 2018 S\$</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2018 %</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2017 %</b>
Agriculture	3,755,696	2.06	1.65
Airlines	5,372,226	2.95	-
Banks	50,814,331	27.87	31.10
Beverages	3,787,551	2.08	2.87
Computers	3,393,210	1.86	-
Distribution/Wholesale	887,285	0.49	-
Diversified Financial Services	1,671,328	0.92	0.98
Electric	3,558,032	1.95	-
Electronics	8,706,610	4.78	6.13
Engineering and Construction	12,921,627	7.09	5.04
Entertainment	1,682,752	0.92	1.10
Food	3,420,456	1.88	1.02
Food Service	262,395	0.14	0.21
Gas	1,965,511	1.08	1.60
Healthcare-Services	1,845,258	1.01	1.54
Holding Companies-Diversified	15,483,084	8.49	6.46
Lodging	1,112,338	0.61	0.91
Oil and Gas	3,756,522	2.06	-
Pharmaceuticals	975,078	0.53	-
Real Estate	6,062,925	3.33	11.61
Real Estate Investment Trusts (REITS)	26,877,309	14.74	19.45
Retail	4,773,798	2.62	0.13
Shipbuilding	5,172,875	2.84	-
Telecommunications	7,394,450	4.06	5.93
Transportation	882,756	0.48	1.04
<b>Portfolio of investments</b>	<b>176,535,403</b>	<b>96.84</b>	<b>98.79</b>
<b>Other net assets</b>	<b>5,769,841</b>	<b>3.16</b>	<b>1.21</b>
<b>Net assets attributable to unitholders</b>	<b>182,305,244</b>	<b>100.00</b>	<b>100.00</b>

The accompanying notes form an integral part of these financial statements

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
(Constituted under a Trust Deed registered in the Republic of Singapore)

**STATEMENTS OF PORTFOLIO**

As at 31 December 2018

<b>Horizon Singapore Fixed Income Enhanced Fund</b>			
<b>By Geography (Primary)</b>	<b>Holdings at 31 December 2018</b>	<b>Fair value at 31 December 2018 S\$</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2018 %</b>
<b>Quoted Fixed Income Securities</b>			
<b>BRITISH VIRGIN ISLANDS</b>			
Huarong Finance 2017 Company Limited 3.2% due 27/04/2021	750,000	730,781	3.08
Huarong Finance 2017 Company Limited 3.8% due 07/11/2025	500,000	464,830	1.95
<b>Total BRITISH VIRGIN ISLANDS</b>		<b>1,195,611</b>	<b>5.03</b>
<b>CANADA</b>			
Manulife Financial Corporation 3.85% due 25/05/2026	750,000	754,706	3.18
<b>Total CANADA</b>		<b>754,706</b>	<b>3.18</b>
<b>CHINA</b>			
China Construction Bank Corporation 2.08% due 26/10/2020	750,000	744,000	3.13
<b>Total CHINA</b>		<b>744,000</b>	<b>3.13</b>
<b>FRANCE</b>			
BNP Paribas SA 3.65% due 09/09/2024	500,000	508,826	2.14
<b>Total FRANCE</b>		<b>508,826</b>	<b>2.14</b>
<b>GERMANY</b>			
Commerzbank AG 4.2% due 18/09/2028	500,000	491,520	2.07
<b>Total GERMANY</b>		<b>491,520</b>	<b>2.07</b>
<b>MALAYSIA</b>			
Danga Capital Berhad 3.725% due 11/08/2020	750,000	762,944	3.21
<b>Total MALAYSIA</b>		<b>762,944</b>	<b>3.21</b>
<b>SINGAPORE</b>			
Ascendas Private Limited 3.265% due 06/09/2025	750,000	763,453	3.21
Ascendas Real Estate Investment Trust 3.14% due 02/03/2025	250,000	248,902	1.05
Breadtalk Group Limited 4% due 17/01/2023	1,000,000	1,002,463	4.22
CCT MTN Private Limited 2.96% due 13/08/2021	500,000	502,650	2.12
CMT MTN Private Limited 3.2% due 21/08/2025	250,000	249,835	1.05
Mapletree Commercial Trust Treasury Company Private Limited 2.795% due 15/11/2023	250,000	244,985	1.03
Mapletree Treasury Services Limited 2.85% due 29/08/2025	250,000	246,058	1.04
Mapletree Treasury Services Limited 3.4% due 03/09/2026	500,000	506,338	2.13
Mercatus Co-Operative Limited 2.8% due 26/07/2024	250,000	247,106	1.04
Mercatus Co-Operative Limited 3.1% due 19/01/2028	500,000	479,745	2.02

The accompanying notes form an integral part of these financial statements



**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
(Constituted under a Trust Deed registered in the Republic of Singapore)

**STATEMENTS OF PORTFOLIO**

As at 31 December 2018

<b>Horizon Singapore Fixed Income Enhanced Fund</b>			
<b>By Geography (Primary) (continued)</b>	<b>Holdings at 31 December 2018</b>	<b>Fair value at 31 December 2018 S\$</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2018 %</b>
<b>Quoted Fixed Income Securities (continued)</b>			
<b>SINGAPORE (continued)</b>			
Oversea-Chinese Banking Corporation Limited 3.8% due 29/12/2049	250,000	251,100	1.06
Oversea-Chinese Banking Corporation Limited 4% due 31/12/2049	250,000	251,595	1.06
Prime Asset Holdings Limited 2.9% due 24/10/2024	250,000	243,729	1.03
RCS Trust 3.2% due 14/03/2025	500,000	498,516	2.10
Singapore Airlines Limited 3.13% due 23/08/2027	500,000	492,707	2.07
Singapore Airlines Limited 3.16% due 25/10/2023	250,000	252,440	1.06
Singapore Government Bond 2.125% due 01/06/2026	300,000	303,120	1.28
Singapore Government Bond 2.25% due 01/06/2021	200,000	201,800	0.85
Singapore Government Bond 2.25% due 01/08/2036	750,000	744,450	3.13
Singapore Government Bond 2.625% due 01/05/2028	200,000	210,080	0.88
Singapore Government Bond 2.75% due 01/04/2042	750,000	795,225	3.35
Singapore Government Bond 2.75% due 01/03/2046	1,850,000	1,968,400	8.29
Singapore Government Bond 2.875% due 01/09/2030	1,000,000	1,077,600	4.54
Singapore Government Bond 2.875% due 01/07/2029	500,000	538,700	2.27
Singapore Government Bond 3% due 01/09/2024	250,000	264,250	1.11
Singapore Government Bond 3.125% due 01/09/2022	250,000	260,950	1.10
Singapore Government Bond 3.25% due 01/09/2020	300,000	306,750	1.29
Singapore Government Bond 3.375% due 01/09/2033	1,400,000	1,594,180	6.71
Singapore Government Bond 3.5% due 01/03/2027	650,000	724,945	3.05
Starhill Global REIT MTN Private Limited 3.4% due 26/05/2023	250,000	254,856	1.07
Starhub Limited 3.95% due 31/12/2049	250,000	247,427	1.04
Suntec REIT MTN Private Limited 2.85% due 02/08/2023	500,000	491,840	2.07
Surbana Jurong Private Limited 4.11% due 03/10/2025	250,000	256,850	1.08
United Overseas Bank Limited 3.5% due 27/02/2029	750,000	759,720	3.20
<b>Total SINGAPORE</b>		<b>17,482,765</b>	<b>73.60</b>
<b>SOUTH KOREA</b>			
Export-Import Bank Of Korea 2.318% due 27/09/2022	250,000	249,375	1.05
<b>Total SOUTH KOREA</b>		<b>249,375</b>	<b>1.05</b>
<b>SWITZERLAND</b>			
Julius Baer Group Limited 5.9% due 29/12/2049	250,000	252,630	1.06
<b>Total SWITZERLAND</b>		<b>252,630</b>	<b>1.06</b>

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**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENTS OF PORTFOLIO**

*As at 31 December 2018*

<b>Horizon Singapore Fixed Income Enhanced Fund</b>			
<b>By Geography (Primary) (continued)</b>			<b>Percentage of total net assets attributable to unitholders at 31 December 2018</b>
	<b>Holdings at 31 December 2018</b>	<b>Fair value at 31 December 2018 S\$</b>	<b>2018 %</b>
<b>Quoted Fixed Income Securities (continued)</b>			
<b>UNITED STATES OF AMERICA</b>			
Ford Motor Credit Company LLC 3.7% due 11/03/2019	<b>1,000,000</b>	<b>1,002,361</b>	<b>4.22</b>
<b>Total UNITED STATES OF AMERICA</b>		<b>1,002,361</b>	<b>4.22</b>
<b>Accrued interest receivable on Quoted Fixed Income Securities</b>		<b>216,732</b>	<b>0.91</b>
<b>Total Quoted Fixed Income Securities</b>		<b>23,661,470</b>	<b>99.60</b>
<b>Portfolio of investments</b>		<b>23,661,470</b>	<b>99.60</b>
<b>Other net assets</b>		<b>96,208</b>	<b>0.40</b>
<b>Net assets attributable to unitholders</b>		<b>23,757,678</b>	<b>100.00</b>

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

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
(Constituted under a Trust Deed registered in the Republic of Singapore)

**STATEMENTS OF PORTFOLIO**

As at 31 December 2018

By Geography (Summary)	Horizon Singapore Fixed Income Enhanced Fund	
	Percentage of total net assets attributable to unitholders at 31 December 2018 %	Percentage of total net assets attributable to unitholders at 31 December 2017 %
<b>Quoted Fixed Income Securities</b>		
British Virgin Islands	5.03	3.13
Canada	3.18	3.25
China	3.13	3.11
France	2.14	-
Germany	2.07	-
Malaysia	3.21	3.21
Singapore	73.60	81.85
South Korea	1.05	2.08
Switzerland	1.06	1.09
United States of America	4.22	-
Accrued interest receivable on quoted fixed income securities	0.91	0.64
<b>Total Quoted Fixed Income Securities</b>	<b>99.60</b>	<b>98.36</b>
<b>Portfolio of investments</b>	<b>99.60</b>	<b>98.36</b>
<b>Other net assets</b>	<b>0.40</b>	<b>1.64</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

By Industry (Secondary)	Horizon Singapore Fixed Income Enhanced Fund		
	Fair value at 31 December 2018 S\$	Percentage of total net assets attributable to unitholders at 31 December 2018 %	Percentage of total net assets attributable to unitholders at 31 December 2017 %
Airlines	745,147	3.14	2.12
Auto Manufacturers	1,002,361	4.22	-
Banks	3,006,761	12.66	8.39
Diversified Financial Services	1,448,241	6.10	6.40
Engineering and Construction	256,850	1.08	-
Food	1,002,463	4.22	-
Holding Companies-Diversified	-	-	1.06
Insurance	754,706	3.18	3.25
Investment Companies	752,396	3.17	2.10
Private Equity	726,851	3.06	1.05
Real Estate	1,262,038	5.31	1.04
Real Estate Investment Trusts (REITS)	2,236,728	9.41	6.34
Sovereign	10,002,769	42.10	60.44
Telecommunications	247,427	1.04	5.53
Accrued interest receivable on quoted fixed income securities	216,732	0.91	0.64
<b>Portfolio of investments</b>	<b>23,661,470</b>	<b>99.60</b>	<b>98.36</b>
<b>Other net assets</b>	<b>96,208</b>	<b>0.40</b>	<b>1.64</b>
<b>Net assets attributable to unitholders</b>	<b>23,757,678</b>	<b>100.00</b>	<b>100.00</b>

The accompanying notes form an integral part of these financial statements

## **NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**

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

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2018*

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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 Shenton Horizon Investment Funds, comprising of Nikko AM Global Dividend Equity Fund, Horizon Global Bond Fund (S\$ Hedged), Singapore Dividend Equity Fund and Horizon Singapore Fixed Income Enhanced Fund (individually referred to as a 'Sub-Fund' and collectively referred to as the "Sub-Funds") is constituted as unit trusts in Singapore, under a Trust Deed dated 25 June 1999 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 Sub-Funds is BNP Paribas Trust Services Singapore Limited (the "Trustee"). The Manager of the Sub-Funds is Nikko Asset Management Asia Limited (the "Manager").

#### **Nikko AM Global Dividend Equity Fund**

There are five classes of units established within the Sub-Fund, namely the SGD Hedged (Acc), the SGD Hedged (Dist), the USD (Acc), the USD (Dist) and the CNH Hedged (Dist).

There are no material differences between the SGD Hedged (Acc) Class Units, the USD (Acc) Class Units, the SGD Hedged (Dist) Class Units, the USD (Dist) Class Units and the CNH Hedged (Dist) Class Units of the Sub-Fund save for (i) the currency of denomination, minimum initial investment amount and minimum subsequent investment amount; (ii) the hedging features of the SGD Hedged (Acc) Class, the SGD Hedged (Dist) Class and the CNH Hedged (Dist) Class; and (iii) the distribution policies applicable to the classes.

As of 31 December 2018, only units in SGD Hedged (Acc), the SGD Hedged (Dist), the USD (Acc), and the CNH Hedged (Dist) Class have been issued.

#### **Horizon Global Bond Fund (S\$ Hedged)**

There are three classes of units established within the Sub-Fund, namely the SGD, USD and RMB.

There are no material differences between the SGD Class Units and the USD Class Units save for the currency of denomination. The RMB Class Units differ from the SGD Class Units and the USD Class Units in terms of their currency of denomination, minimum initial investment amount, minimum subsequent investment amount, minimum realisation amount and initial sales charge.

As of 31 December 2018, only units in SGD Class has been issued.

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
(Constituted under a Trust Deed registered in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS**  
*For the financial year ended 31 December 2018*

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**1. General** (continued)

**Singapore Dividend Equity Fund**

There are five classes of units established within the Sub-Fund, namely the SGD, the USD, JPY, RMB and MYR.

There are no material differences between the SGD Class Units and the USD Class Units of the Sub-Fund save for the currency of denomination. However, the JPY Class Units, RMB Class Units and MYR Class Units of the Sub-Fund differ from the SGD Class Units and the USD Class Units in terms of the currency of denomination, minimum initial investment amount, minimum subsequent investment amount, minimum holding, minimum realisation amount, initial sales charge, current annual management participation and distribution policy. The JPY Class Units are only available for subscription by institutional investors (as defined in section 4A(1)(c) of the Securities and Futures Act (Cap. 289)). The MYR Class Units are only available for subscription in Malaysia.

The Sub-Fund has been assessed by the Monetary Authority of Singapore as suitable to apply to the Securities Commission Malaysia to be offered to the public in Malaysia pursuant to the ASEAN CIS Framework. The SGD Class Units, USD Class Units and MYR Class Units are launched in Malaysia on 8 March 2016.

As of 31 December 2018, only units in SGD, USD, JPY and MYR Class have been issued.

**Horizon Singapore Fixed Income Enhanced Fund**

There are three classes of units established within the Sub-Fund, namely the SGD, USD and RMB.

There are no material differences between the SGD Class Units and the USD Class Units save for the currency of denomination. The RMB Class Units differ from the SGD Class Units and the USD Class Units in terms of their currency of denomination, minimum initial investment amount, minimum subsequent investment amount, minimum realisation amount and initial sales charge.

As of 31 December 2018, only units in SGD Class has been issued.

**NOTES TO THE FINANCIAL STATEMENTS**  
*For the financial year ended 31 December 2018*

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**2. Significant accounting policies**

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 assets at fair value through profit or loss, and in accordance with the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

(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.

(c) Expenses charged to the Sub-Funds

All direct expenses are charged directly to the Statements of Total Return of each Sub-Fund. Common expenses shared by the Sub-Funds are allocated to each Sub-Fund in the ratio of the respective net asset values of each Sub-Fund at the end of each month, quarter or year, as agreed between the Manager and Trustee.

(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 changes in fair value on investments are included in the Statements 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 Statements of Total Return.

**NOTES TO THE FINANCIAL STATEMENTS**  
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**2. Significant accounting policies** (continued)

(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 equities securities held by the Sub-Funds 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. The quoted market price used for fixed income securities held by the Sub-Funds is the mid-market price for both financial assets and financial liabilities. The fair value of investments held in underlying funds is the quoted net asset value of the underlying fund as determined by the underlying fund's administrator.

(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.

(h) Cash and bank balances

Cash and bank balances comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

(i) Payables

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

**NOTES TO THE FINANCIAL STATEMENTS**  
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**2. Significant accounting policies** (continued)

(j) Foreign currency translation

(i) *Functional and presentation currency*

The Sub-Funds qualify as an authorised scheme under the Securities and Future Act ("SFA") of Singapore and is offered to retail investors in Singapore. The Sub-Funds activities are substantially based in Singapore, with subscriptions and redemptions of the units of the Sub-Funds denominated in Singapore Dollar ("S\$"), United State Dollar ("US\$"), Japanese Yen ("JPY"), Malaysian Ringgit ("MYR") and Chinese Yuan ("CNH") for the respective SGD, USD, JPY, MYR and CNH class.

The performance of the Sub-Funds are measured and reported to the investors in the respective class currency of each of the class. The Manager considers the Singapore Dollar and United States Dollar as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are expressed in Singapore Dollars and United States Dollars, which is the Sub-Funds' functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency monetary assets and liabilities are translated into Singapore Dollar and United States Dollar, depending on the functional and presentation currency of the Sub-Fund, 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 Statements of Total Return. Transactions during the year are recorded in Singapore Dollar and United State Dollar at the rates of exchange ruling on transaction dates. All realised gains or losses are recognised in the Statements of Total Return.



## NIKKO AM SHENTON HORIZON INVESTMENT FUNDS

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### NOTES TO THE FINANCIAL STATEMENTS

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#### 2. Significant accounting policies (continued)

##### (k) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statements 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 company or the counterparty.

##### (l) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes: (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Sub-Funds consider all of their investments in other funds ("Investee Funds") to be investments in unconsolidated structured entities. The Sub-Funds invest in Investee Funds whose objectives range from achieving short to long term capital growth and whose investment strategy does not include the use of leverage. The Investee Funds apply various investment strategies to accomplish their respective investment objectives. The Investee Funds finance their operations by issuing redeemable units which are puttable at the unitholder's option and entitles the unitholder to a proportional stake in the respective fund's net assets. The Sub-Funds hold redeemable units in the Investee Funds.

The change in fair value of the Investee Funds are included in the Statements of Total Return in "Net gain/(loss) on investments".

**NOTES TO THE FINANCIAL STATEMENTS**  
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**2. Significant accounting policies** (continued)

(m) 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 Statements of Total Return.

(n) 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. This 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.

**3. Income Tax**

Nikko AM Global Dividend Equity Fund and Singapore Dividend Equity Fund were granted the status of an Enhanced-Tier Fund (section 13X of the Income Tax Act and the relevant Regulations) by the Monetary Authority of Singapore. Subject to certain conditions being met on an annual basis, the Sub-Funds may enjoy Singapore corporate income tax exemption on “specified income” derived from “designated investments” for the life of the Sub-Funds. The tax exemption does not apply in the year when the relevant conditions are not met. Losses from “designated investments” are correspondingly disregarded. The terms “specified income” and “designated investments” are defined in the relevant income tax Regulations. The Manager and Trustee of the Sub-Funds will ensure that the Sub-Funds fulfill its reporting obligations under the ETF Scheme.

Horizon Global Bond Fund (S\$ Hedged) and Horizon Singapore Fixed Income Enhanced Fund were granted the status of a Designated Unit Trust (DUT) in Singapore. The Manager and Trustee of the Sub-Funds will ensure that the Sub-Funds fulfill its reporting obligations under the DUT Scheme

Under the DUT Scheme, subject to certain conditions and reporting obligations being met, certain income of the DUT fund is not taxable in accordance to Section 35(12) and 35(12A) of the Income Tax Act. Such income includes:

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**3. Income Tax** (continued)

- (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);
- (c) dividends derived from outside Singapore and received in Singapore;
- (d) gains or profits derived from foreign exchange transactions, transactions in future 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 fee, 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.

Income tax for the financial year ended 31 December 2018 and 2017 comprises:

	<b>Nikko AM Global Dividend Equity Fund</b>	
	<b>2018</b>	<b>2017</b>
	<b>US\$</b>	<b>US\$</b>
Overseas income tax	<b>621,928</b>	586,409
	<b>Singapore Dividend Equity Fund</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$</b>	<b>S\$</b>
Singapore income tax	<b>103,302</b>	95,424

The Singapore income tax represents mainly tax charge on distribution from Singapore REITs and Singapore unit trusts.

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

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**4. Receivables**

	Nikko AM Global Dividend Equity Fund		Horizon Global Bond Fund (S\$ Hedged)	
	2018 US\$	2017 US\$	2018 S\$	2017 S\$
Receivable from unitholders for creation of units	10,421	41,711	-	-
Dividends receivable	133,266	117,276	-	-
	<b>143,687</b>	<b>158,987</b>	<b>-</b>	<b>-</b>

  

	Singapore Dividend Equity Fund		Horizon Singapore Fixed Income Enhanced Fund	
	2018 S\$	2017 S\$	2018 S\$	2017 S\$
Receivable from unitholders for creation of units	627,844	379,758	18,331	2,000
Dividends receivable	107,222	154,526	-	-
Accrued interest receivable	-	-	7,247	17,392
Other receivable	2	-	-	-
	<b>735,068</b>	<b>534,284</b>	<b>25,578</b>	<b>19,392</b>

**5. Payables**

	Nikko AM Global Dividend Equity Fund		Horizon Global Bond Fund (S\$ Hedged)	
	2018 US\$	2017 US\$	2018 S\$	2017 S\$
Payable to unitholders for cancellation of units	42,959	89,248	14,823	11,323
Amount due to the Manager	285,229	328,913	42,912	47,291
Amount due to Trustee	6,156	7,217	2,069	2,349
Registrar fee payable	4,806	4,881	4,180	4,180
Provision for audit fee	9,827	10,970	3,148	3,622
Valuation fee payable	9,276	10,852	3,120	3,528
Amount due to custodian	3,258	3,845	-	-
Other payables	8,256	8,424	2,659	2,660
	<b>369,767</b>	<b>464,350</b>	<b>72,911</b>	<b>74,953</b>

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**5. Payables (continued)**

	Singapore Dividend Equity Fund		Horizon Singapore Fixed Income Enhanced Fund	
	2018 S\$	2017 S\$	2018 S\$	2017 S\$
Payable to unitholders for cancellation of units	328,878	693,500	3,119	10,817
Amount due to the Manager	612,618	498,749	65,889	65,993
Amount due to Trustee	15,898	13,167	2,137	2,172
Registrar fee	8,912	6,379	4,180	4,180
Provision for audit fee	21,222	19,743	3,261	3,329
Valuation fee	23,952	19,721	3,224	3,265
Custody fee	9,966	8,123	1,179	1,197
Other payables	50,037	43,020	2,471	2,472
	<b>1,071,483</b>	<b>1,302,402</b>	<b>85,460</b>	<b>93,425</b>

Amount due to the manager comprises management fee payable to Nikko Asset Management Asia Limited. Trustee fee and registrar fee are payable to BNP Paribas Trust Services Singapore Limited. Valuation fee and custody fee are payable to BNP Paribas Securities Services Singapore Branch.

**6. Financial derivatives at fair value**

Financial derivatives comprise 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 foreign exchange contracts at the reporting date. The contract or underlying principal amounts of these foreign exchange contracts and their corresponding gross positive or negative fair values at the reporting date are analysed below.

	Nikko AM Global Dividend Equity Fund					
	Contract or Underlying Principal Amount		Year-End Positive Fair Value		Year-End Negative Fair Value	
	2018 US\$	2017 US\$	2018 US\$	2017 US\$	2018 US\$	2017 US\$
Forward foreign exchange contracts	<b>73,689,529</b>	80,765,154	<b>210,854</b>	751,369	<b>18,227</b>	-

	Horizon Global Bond Fund (S\$ Hedged)					
	Contract or Underlying Principal Amount		Year-End Positive Fair Value		Year-End Negative Fair Value	
	2018 S\$	2017 S\$	2018 S\$	2017 S\$	2018 S\$	2017 S\$
Forward foreign exchange contracts	<b>21,117,375</b>	23,275,541	<b>216,620</b>	235,851	<b>38,797</b>	64,632

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**6. Financial derivatives at fair value (continued)**

The Sub-Funds also restrict its exposure to credit losses on the trading derivative instruments it holds by entering into master netting arrangements with counterparties (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 associated with favorable contracts 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 Sub-Funds' 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 year ended 2018 and 2017 are detailed in the following table:

**Nikko AM Global Dividend Equity Fund**

(i) **Offsetting financial assets**

	Gross amounts of recognised financial assets US\$	Gross amounts of recognised financial liabilities set off in the Statement of Financial Position US\$	Net amounts of financial assets presented in the Statement of Financial Position US\$	Related accounts not set-off in the Statement of Financial Position		
				Financial Instruments US\$	Cash collateral US\$	Net exposure US\$
<b>2018</b>						
Forward foreign exchange contracts	-	-	-	-	-	-

	Gross amounts of recognised financial assets US\$	Gross amounts of recognised financial liabilities set off in the Statement of Financial Position US\$	Net amounts of financial assets presented in the Statement of Financial Position US\$	Related accounts not set-off in the Statement of Financial Position		
				Financial Instruments US\$	Cash collateral US\$	Net exposure US\$
<b>2017</b>						
Forward foreign exchange contracts	747,681	-	747,681	-	-	747,681

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**6. Financial derivatives at fair value (continued)**

**Nikko AM Global Dividend Equity Fund (continued)**

**(ii) Offsetting financial liabilities**

	Gross amounts of recognised financial liabilities US\$	Gross amounts of recognised financial assets set off in the Statement of Financial Position US\$	Net amounts of financial liabilities presented in the Statement of Financial Position US\$	Related accounts not set-off in the Statement of Financial Position		
				Financial Instruments US\$	Cash collateral US\$	Net exposure US\$
<b>2018</b>						
Forward foreign exchange contracts	15,651	-	15,651	-	-	15,651

	Gross amounts of recognised financial liabilities US\$	Gross amounts of recognised financial assets set off in the Statement of Financial Position US\$	Net amounts of financial liabilities presented in the Statement of Financial Position US\$	Related accounts not set-off in the Statement of Financial Position		
				Financial Instruments US\$	Cash collateral US\$	Net exposure US\$
<b>2017</b>						
Forward foreign exchange contracts	-	-	-	-	-	-

For Horizon Global Bond Fund (S\$ Hedged), there is no outstanding positions with counterparties who are subjected to master netting arrangements for the financial year ended 31 December 2018 and 31 December 2017.

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**7. Units in issue**

During the year ended 31 December 2018 and 31 December 2017, the number of units issued, redeemed and outstanding were as follows:

**Nikko AM Global Dividend Equity Fund**

	2018	2017
<b>SGD Hedged (Acc) Class</b>		
Units at beginning of the financial year	71,778,376	85,428,099
Units created	4,698,718	1,930,725
Units cancelled	(8,444,488)	(15,580,448)
Units at end of the financial year	<u>68,032,606</u>	<u>71,778,376</u>
Net assets attributable to unitholders - US\$	58,344,996	71,691,678
Net asset value per unit - US\$	<u>0.858</u>	<u>0.999</u>

	2018	2017
<b>USD (Acc) Class</b>		
Units at beginning of the financial year	436,523	510,898
Units created	-	-
Units cancelled	(10,072)	(74,375)
Units at end of the financial year	<u>426,451</u>	<u>436,523</u>
Net assets attributable to unitholders - US\$	378,921	442,789
Net asset value per unit - US\$	<u>0.889</u>	<u>1.014</u>

	2018	2017
<b>CNH Hedged (Dist) Class</b>		
Units at beginning of the financial year	109,339	192,257
Units created	1,219	2,704
Units cancelled	(50,632)	(85,622)
Units at end of the financial year	<u>59,926</u>	<u>109,339</u>
Net assets attributable to unitholders - US\$	73,707	172,428
Net asset value per unit - US\$	<u>1.230</u>	<u>1.577</u>

	2018	2017
<b>SGD Hedged (Dist) Class</b>		
Units at beginning of the financial year	13,027,980	14,655,069
Units created	3,356,876	2,919,705
Units cancelled	(4,567,279)	(4,546,794)
Units at end of the financial year	<u>11,817,577</u>	<u>13,027,980</u>
Net assets attributable to unitholders - US\$	7,514,417	10,040,810
Net asset value per unit - US\$	<u>0.636</u>	<u>0.771</u>

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:



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**7. Units in issue (continued)**

**Nikko AM Global Dividend Equity Fund (continued)**

	2018 US\$	2017 US\$
<b>SGD Hedged (Acc) Class</b>		
Net assets attributable to unitholders as per financial statements per unit	0.858	0.999
Effect for movement in the net asset value between the last dealing date and the end of the reporting period <sup>^</sup>	-	-
Net assets attributable to unitholders for issuing/redeeming per unit	<u>0.858</u>	<u>0.999</u>
<b>USD (Acc) Class</b>		
Net assets attributable to unitholders as per financial statements per unit	0.889	1.014
Effect for movement in the net asset value between the last dealing date and the end of the reporting period <sup>^</sup>	-	-
Net assets attributable to unitholders for issuing/redeeming per unit	<u>0.889</u>	<u>1.014</u>
<b>CNH Hedged (Dist) Class</b>		
Net assets attributable to unitholders as per financial statements per unit	1.230	1.577
Effect of distribution	0.003	0.005
Effect for movement in the net asset value between the last dealing date and the end of the reporting period <sup>^</sup>	-	-
Net assets attributable to unitholders for issuing/redeeming per unit	<u>1.233</u>	<u>1.582</u>
<b>SGD Hedged (Dist) Class</b>		
Net assets attributable to unitholders as per financial statements per unit	0.636	0.771
Effect of distribution	0.002	0.003
Effect for movement in the net asset value between the last dealing date and the end of the reporting period <sup>^</sup>	-	(0.001)
Net assets attributable to unitholders for issuing/redeeming per unit	<u>0.638</u>	<u>0.773</u>

<sup>^</sup> The net asset value for the purpose of processing unit subscription and redemption was established in accordance with the methodology indicated in the Sub-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 in 2017.

**Horizon Global Bond Fund (S\$ Hedged)**

	2018	2017
<b>SGD Class</b>		
Units at beginning of the financial year	16,536,410	17,045,953
Units created	1,073,919	1,851,379
Units cancelled	(2,954,655)	(2,360,922)
Units at end of the financial year	<u>14,655,674</u>	<u>16,536,410</u>
Net assets attributable to unitholders - S\$	22,816,771	25,967,571
Net asset value per unit - S\$	<u>1.557</u>	<u>1.570</u>

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:

	2018 S\$	2017 S\$
<b>SGD Class</b>		
Net assets attributable to unitholders as per financial statements per unit	1.557	1.570
Effect of adjustment on valuation of investment in an underlying fund	(0.005)	(0.005)
Net assets attributable to unitholders for issuing/redeeming per unit	<u>1.552</u>	<u>1.565</u>

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**7. Units in issue (continued)**

**Singapore Dividend Equity Fund**

	2018	2017
<b>SGD Class</b>		
Units at beginning of the financial year	82,918,838	94,317,782
Units created	55,193,121	24,442,982
Units cancelled	<u>(17,095,439)</u>	<u>(35,841,926)</u>
Units at end of the financial year	<u>121,016,520</u>	<u>82,918,838</u>
Net assets attributable to unitholders - S\$	172,139,558	136,637,988
Net asset value per unit - S\$	<u>1.422</u>	<u>1.648</u>

	2018	2017
<b>JPY Class</b>		
Units at beginning of the financial year	34,886,415	14,308,697
Units created	32,219,072	33,988,217
Units cancelled	<u>(19,858,597)</u>	<u>(13,410,499)</u>
Units at end of the financial year	<u>47,246,890</u>	<u>34,886,415</u>
Net assets attributable to unitholders - S\$	579,977	488,068
Net asset value per unit - S\$	<u>0.012</u>	<u>0.014</u>

	2018	2017
<b>USD Class</b>		
Units at beginning of the financial year	1,883,073	1,632,821
Units created	1,635,903	1,028,981
Units cancelled	<u>(903,165)</u>	<u>(778,729)</u>
Units at end of the financial year	<u>2,615,811</u>	<u>1,883,073</u>
Net assets attributable to unitholders - S\$	3,722,148	3,104,548
Net asset value per unit - S\$	<u>1.423</u>	<u>1.649</u>

	2018	2017
<b>MYR Class</b>		
Units at beginning of the financial year	27,855,001	6,880,394
Units created	14,191,003	29,861,763
Units cancelled	<u>(9,257,000)</u>	<u>(8,887,156)</u>
Units at end of the financial year	<u>32,789,004</u>	<u>27,855,001</u>
Net assets attributable to unitholders - S\$	5,863,561	5,770,818
Net asset value per unit - S\$	<u>0.179</u>	<u>0.207</u>

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, except for JPY class as there is no difference to the net assets attributable to unitholders value per unit:

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**7. Units in issue (continued)**

**Singapore Dividend Equity Fund (continued)**

	<b>2018</b>	2017
	<b>S\$</b>	S\$
<b>SGD Class</b>		
Net assets attributable to unitholders as per financial statements per unit	1.422	1.648
Effect of distribution	0.007	0.007
Net assets attributable to unitholders for issuing/redeeming per unit	<u>1.429</u>	<u>1.655</u>
	<b>2018</b>	2017
	<b>S\$</b>	S\$
<b>USD Class</b>		
Net assets attributable to unitholders as per financial statements per unit	1.423	1.649
Effect of distribution	0.006	0.007
Net assets attributable to unitholders for issuing/redeeming per unit	<u>1.429</u>	<u>1.656</u>
	<b>2018</b>	2017
	<b>S\$</b>	S\$
<b>MYR Class</b>		
Net assets attributable to unitholders as per financial statements per unit	0.179	0.207
Effect of distribution	0.001	0.001
Net assets attributable to unitholders for issuing/redeeming per unit	<u>0.180</u>	<u>0.208</u>

**Horizon Singapore Fixed Income Enhanced Fund**

	<b>2018</b>	2017
<b>SGD Class</b>		
Units at beginning of the financial year	16,110,492	16,852,521
Units created	3,243,004	1,042,605
Units cancelled	<u>(3,609,168)</u>	<u>(1,784,634)</u>
Units at end of the financial year	<u>15,744,328</u>	<u>16,110,492</u>
Net assets attributable to unitholders - S\$	23,757,678	24,084,717
Net asset value per unit - S\$	<u>1.509</u>	<u>1.495</u>

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 not presented as there is no difference to the net assets attributable to unitholders value per unit.

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**8. Distributions**

**Nikko AM Global Dividend Equity Fund**

	<b>2018</b>	2017
	<b>US\$</b>	US\$
January interim distribution of (SGD Hedged (Dist) Class) S\$ 0.35 per 100 units and(CNH Hedged (Dist) Class) CNH 3.52 per 100 units in respect of the financial year ended 31 December 2018	<b>35,370</b>	-
February interim distribution of (SGD Hedged (Dist) Class) S\$ 0.34 per 100 units and(CNH Hedged (Dist) Class) CNH 3.41 per 100 units in respect of the financial year ended 31 December 2018	<b>34,181</b>	-
March interim distribution of (SGD Hedged (Dist) Class) S\$0.34 per 100 units and(CNH Hedged (Dist) Class) CNH 3.38 per 100 units in respect of the financial year ended 31 December 2018	<b>34,686</b>	-
April interim distribution of (SGD Hedged (Dist) Class) S\$ 0.34 per 100 units and(CNH Hedged (Dist) Class) CNH 3.33 per 100 units in respect of the financial year ended 31 December 2018	<b>33,999</b>	-
May interim distribution of (SGD Hedged (Dist) Class) S\$ 0.34 per 100 units and(CNH Hedged (Dist) Class) CNH 3.32 per 100 units in respect of the financial year ended 31 December 2018	<b>35,386</b>	-
June interim distribution of (SGD Hedged (Dist) Class) S\$ 0.33 per 100 units and(CNH Hedged (Dist) Class) CNH 3.29 per 100 units in respect of the financial year ended 31 December 2018	<b>33,774</b>	-
July interim distribution of (SGD Hedged (Dist) Class) S\$ 0.33 per 100 units and(CNH Hedged (Dist) Class) CNH 3.25 per 100 units in respect of the financial year ended 31 December 2018	<b>29,730</b>	-
August interim distribution of (SGD Hedged (Dist) Class) S\$0.32 per 100 units and(CNH Hedged (Dist) Class) CNH 3.17 per 100 units in respect of the financial year ended 31 December 2018	<b>28,597</b>	-
September interim distribution of (SGD Hedged (Dist) Class) S\$0.33 per 100 units and(CNH Hedged (Dist) Class) CNH 3.19 per 100 units in respect of the financial year ended 31 December 2018	<b>28,926</b>	-
October interim distribution of (SGD Hedged (Dist) Class) S\$0.31 per 100 units and(CNH Hedged (Dist) Class) CNH 3.04 per 100 units in respect of the financial year ended 31 December 2018	<b>26,855</b>	-
November interim distribution of (SGD Hedged (Dist) Class) S\$0.31 per 100 units and(CNH Hedged (Dist) Class) CNH 3.03 per 100 units in respect of the financial year ended 31 December 2018	<b>26,705</b>	-
December final distribution of (SGD Hedged (Dist) Class) S\$ 0.23 per 100 units and(CNH Hedged (Dist) Class) CNH 2.29 per 100 units in respect of the financial year ended 31 December 2018	<b>20,109</b>	-

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**8. Distribution (continued)**

**Nikko AM Global Dividend Equity Fund (continued)**

	<b>2018 US\$</b>	2017 US\$
January interim distribution of (SGD Hedged (Dist) Class) S\$0.39 per 100 units and (CNH Hedged (Dist) Class) CNH3.85 per 100 units in respect of the financial year ended 31 December 2017	-	41,376
February interim distribution of (SGD Hedged (Dist) Class) S\$0.40 per 100 units and (CNH Hedged (Dist) Class) CNH3.91 per 100 units in respect of the financial year ended 31 December 2017	-	40,707
March interim distribution of (SGD Hedged (Dist) Class) S\$0.40 per 100 units and (CNH Hedged (Dist) Class) CNH3.92 per 100 units in respect of the financial year ended 31 December 2017	-	38,985
April interim distribution of (SGD Hedged (Dist) Class) S\$0.40 per 100 units and (CNH Hedged (Dist) Class) CNH3.93 per 100 units in respect of the financial year ended 31 December 2017	-	38,162
May interim distribution of (SGD Hedged (Dist) Class) S\$0.42 per 100 units and (CNH Hedged (Dist) Class) CNH4.13 per 100 units in respect of the financial year ended 31 December 2017	-	38,629
June interim distribution of (SGD Hedged (Dist) Class) S\$0.42 per 100 units and (CNH Hedged (Dist) Class) CNH4.15 per 100 units in respect of the financial year ended 31 December 2017	-	37,229
July interim distribution of (SGD Hedged (Dist) Class) S\$0.42 per 100 units and (CNH Hedged (Dist) Class) CNH4.20 per 100 units in respect of the financial year ended 31 December 2017	-	36,709
August interim distribution of (SGD Hedged (Dist) Class) S\$0.42 per 100 units and (CNH Hedged (Dist) Class) CNH4.14 per 100 units in respect of the financial year ended 31 December 2017	-	36,577
September interim distribution of (SGD Hedged (Dist) Class) S\$0.43 per 100 units and (CNH Hedged (Dist) Class) CNH4.26 per 100 units in respect of the financial year ended 31 December 2017	-	37,144
October interim distribution of (SGD Hedged (Dist) Class) S\$0.43 per 100 units and (CNH Hedged (Dist) Class) CNH4.32 per 100 units in respect of the financial year ended 31 December 2017	-	39,196
November interim distribution of (SGD Hedged (Dist) Class) S\$0.42 per 100 units and (CNH Hedged (Dist) Class) CNH4.20 per 100 units in respect of the financial year ended 31 December 2017	-	39,987
December final distribution of (SGD Hedged (Dist) Class) S\$0.34 per 100 units and (CNH Hedged (Dist) Class) CNH3.39 per 100 units in respect of the financial year ended 31 December 2017	-	33,896
	<b>368,318</b>	<b>458,597</b>

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**8. Distribution (continued)**

**Singapore Dividend Equity Fund**

	<b>2018</b>	2017
	<b>S\$</b>	S\$
December 2017 final distribution of (JPY) of ¥ 4 per 1000 units in respect of the financial year ended 31 December 2017	<b>1,890</b>	-
January interim distribution of SGD of S\$0.71 per 100 units, USD 0.54 per 100 units and JPY ¥ 4 per 1000 units and MYR of 0.27 per 100 units in respect of the financial year ended 31 December 2018	<b>643,662</b>	-
February interim distribution of SGD of S\$0.69 per 100 units, USD 0.53 per 100 units and JPY ¥ 4 per 1000 units and MYR of 0.26 per 100 units in respect of the financial year ended 31 December 2018	<b>631,901</b>	-
March interim distribution of (SGD) of S\$0.71 per 100 units, (USD) 0.54 per 100 units, (JPY) ¥ 4 per 1000 units and (MYR) of 0.26 per 100 units in respect of the financial year ended 31 December 2018	<b>659,747</b>	-
April interim distribution of (SGD) of S\$0.70 per 100 units, (USD) 0.53 per 100 units, (JPY) ¥ 4 per 1000 units and (MYR) of 0.26 per 100 units in respect of the financial year ended 31 December 2018	<b>678,231</b>	-
May interim distribution of (SGD) of S\$ 0.70 per 100 units, (USD) 0.52 per 100 units, (JPY) ¥ 4 per 1000 units and (MYR) of 0.26 per 100 units in respect of the financial year ended 31 December 2018	<b>708,652</b>	-
June interim distribution of (SGD) of S\$ of 0.66 per 100 units, (USD) 0.50 per 100 units, (JPY) ¥ 4 per 1000 units and (MYR) of 0.25 per 100 units in respect of the financial year ended 31 December 2018	<b>694,069</b>	-
July interim distribution of (SGD) of S\$ 0.64 per 100 units, (USD) 0.47 per 100 units, (JPY) ¥ 4 per 1000 units and (MYR) 0.24 per 100 units in respect of the financial year ended 31 December 2018	<b>697,457</b>	-
August interim distribution of (SGD) of S\$ 0.64 per 100 units, (USD) 0.46 per 100 units, (JPY) ¥ 4 per 1000 units and (MYR) 0.24 per 100 units in respect of the financial year ended 31 December 2018	<b>718,739</b>	-
September interim distribution of (SGD) of S\$ 0.63 per 100 units, (USD) 0.46 per 100 units, (JPY) ¥ 4 per 1000 units and (MYR) 0.24 per 100 units in respect of the financial year ended 31 December 2018	<b>724,896</b>	-
October interim distribution of (SGD) of S\$ of 0.61 per 100 units, (USD) 0.44 per 100 units, (JPY) ¥ 4 per 1000 units and (MYR) 0.23 per 100 units in respect of the financial year ended 31 December 2018	<b>730,493</b>	-
November interim distribution of (SGD) of S\$ 0.60 per 100 units, (USD) 0.44 per 100 units, (JPY) ¥ 4 per 1000 units and (MYR) 0.23 per 100 units in respect of the financial year ended 31 December 2018	<b>752,922</b>	-
December final distribution of (SGD) of S\$ 0.61 per 100 units, (USD) 0.44 per 100 units and (MYR) 0.23 per 100 units in respect of the financial year ended 31 December 2018	<b>778,801</b>	-

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**8. Distribution (continued)**

**Singapore Dividend Equity Fund (continued)**

	<b>2018</b>	2017
	S\$	S\$
December 2016 final distribution of (JPY) of ¥ 4 per 1000 units in respect of the financial year ended 31 December 2016	-	700
January interim distribution of (SGD) of S\$0.61 per 100 units, (USD)0.43 per 100 units, (JPY) ¥ 4 per 1000 units and (MYR)0.24 per 100 units in respect of the financial year ended 31 December 2017	-	591,229
February interim distribution of (SGD) of S\$0.62 per 100 units, (USD)0.43 per 100 units, (JPY) ¥ 4 per 1000 units and (MYR)0.24 per 100 units in respect of the financial year ended 31 December 2017	-	598,325
March interim distribution of (SGD) of S\$0.62 per 100 units, (USD)0.44 per 100 units, (JPY) ¥ 4 per 1000 units and (MYR)0.25 per 100 units in respect of the financial year ended 31 December 2017	-	588,749
April interim distribution of (SGD) of S\$0.63 per 100 units, (USD)0.45 per 100 units, (JPY) ¥ 4 per 1000 units and (MYR)0.25 per 100 units in respect of the financial year ended 31 December 2017	-	596,077
May interim distribution of (SGD) of S\$0.65 per 100 units, (USD)0.46 per 100 units, (JPY) ¥ 4 per 1000 units and (MYR)0.25 per 100 units in respect of the financial year ended 31 December 2017	-	605,969
June interim distribution of (SGD) of S\$0.65 per 100 units, (USD)0.47 per 100 units, (JPY) ¥ 4 per 1000 units and (MYR)0.25 per 100 units in respect of the financial year ended 31 December 2017	-	602,456
July interim distribution of (SGD) of S\$0.65 per 100 units, (USD)0.48 per 100 units, (JPY) ¥ 4 per 1000 units and (MYR)0.26 per 100 units in respect of the financial year ended 31 December 2017	-	602,676
August interim distribution of (SGD) of S\$0.66 per 100 units, (USD)0.48 per 100 units, (JPY) ¥ 4 per 1000 units and (MYR)0.26 per 100 units in respect of the financial year ended 31 December 2017	-	615,421
September interim distribution of (SGD) of S\$0.65 per 100 units, (USD)0.48 per 100 units, (JPY) ¥ 4 per 1000 units and (MYR)0.25 per 100 units in respect of the financial year ended 31 December 2017	-	605,939
October interim distribution of (SGD) of S\$0.67 per 100 units, (USD)0.50 per 100 units, (JPY) ¥ 4 per 1000 units and (MYR)0.26 per 100 units in respect of the financial year ended 31 December 2017	-	604,681
November interim distribution of (SGD) of S\$0.68 per 100 units, (USD)0.50 per 100 units, (JPY) ¥ 4 per 1000 units and (MYR)0.27 per 100 units in respect of the financial year ended 31 December 2017	-	605,722
December final distribution of (SGD) of S\$0.69 per 100 units, (USD)0.52 per 100 units and (MYR)0.27 per 100 units in respect of the financial year 31 December 2017	-	610,026
	<b>8,421,460</b>	<b>7,227,970</b>

## **NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**

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### **NOTES TO THE FINANCIAL STATEMENTS**

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#### **9. Financial risk management**

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

Nikko AM Shenton Horizon Investment Funds comprises 4 Sub-Funds. Nikko AM Global Dividend Equity Fund invests directly into securities. Singapore Dividend Equity Fund invests directly into real estate investment trusts and securities.

Horizon Singapore Fixed Income Enhanced Fund invests directly into money market and fixed income instruments in Singapore. Horizon Global Bond Fund (S\$ Hedged) invests directly into a corresponding sub-fund of Russell Investment Company PLC ("RIC"), a foreign investment company incorporated in Dublin, Ireland. This underlying fund is separately managed by their respective manager and the Manager may not view the risk exposures of the feeder fund to be identical to those of the underlying fund in which they hold investments.

The Sub-Funds' investment are held in accordance with the published investment policies of the Sub-Funds and managed accordingly to achieve the investment objectives.

The investment objectives of the Sub-Funds are to achieve medium to long term capital appreciation for the investors. The investment focuses of the Sub-Funds are as follows:

- (i) Nikko AM Global Dividend Equity Fund's primary objective is to provide a total return of capital growth and income over the medium to long term by investing in shares or securities equivalent to shares listed on stock exchanges globally in developed markets and emerging markets. The Sub-Fund's sub-manager is Nikko Asset Management Europe Ltd.

As the Sub-Fund invests mainly in global equities, the Manager is of the view that the price risk of the Sub-Fund is best reflected by movements in the MSCI AC World Net Total Return Index (USD) (the "Index").



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

- (ii) Horizon Global Bond Fund (S\$ Hedged) is a feeder fund which invests all or substantially all of its assets in the shares of Russell Investment Global Bond Fund (the "Underlying Fund"), a sub-fund within the RIC. The investment objective of the Underlying Fund is to provide income (which shall be reinvested) and capital growth by investing primarily in investment grade bonds denominated in a variety of currencies, including the Euro. The benchmark against which the performance of the Sub-Fund is measured is Barcap Global Aggregate Index (SGD Hedged) (the "Benchmark");
- (iii) Singapore Dividend Equity Fund's primary objective is to achieve capital appreciation by investing in Singapore listed equities which offer attractive and sustainable dividend payments with the potential for long term capital appreciation. The Managers may also invest in non-Straits Times Index component stocks as well as stocks listed outside of Singapore with these characteristics. All the stocks are selected on the basis of a mixture of top-down and bottom-up analysis. As the Sub-Fund mainly invests in Singapore listed equities, the Manager is of the view that the price risk of the Sub-Fund is best reflected by movements in the FTSE Straits Times Net Index (the "Index"); and
- (iv) Horizon Singapore Fixed Income Enhanced Fund's primary objective is to provide income (which shall be reinvested at the present moment) and capital growth by investing primarily in money market and fixed income instruments in Singapore. In addition, the Sub-Fund may also invest in money market and fixed income instruments outside of Singapore. The benchmark against which the performance of the Sub-Fund is measured is Markit iBoxx ALBI Singapore Government Bond Index (the "Benchmark").

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

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

The Sub-Funds' investments are substantially dependent on the changes in market prices. The Sub-Funds' overall market positions are monitored regularly so as to assess deviation from the Sub-Funds' 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 Sub-Funds.

The Sub-Funds' market price risk is managed through diversification of the investment portfolio across various geographies and industries in accordance with the investment objectives disclosed above.

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

(a) **Market risk - Price risk** (continued)

**Horizon Singapore Fixed Income Enhanced Fund**

The market prices of financial assets held by Horizon Singapore Fixed Income Enhanced Fund are dependent on prevailing market interest rates as it invests in money market and fixed income instruments in Singapore. Hence, no separate price risk sensitivity analysis is prepared as it is covered as part of interest rate risk sensitivity analysis.

**Horizon Global Bond Fund (S\$ Hedged), Singapore Dividend Equity Fund and Nikko Global Dividend Equity Fund**

The table below summarises the impact of an increase/decrease of the index components within the associated Benchmark/ Index, with all other variables held constant, on the net asset attributable to unitholders as at 31 December 2018 and 31 December 2017. The analysis was based on the assumptions that the index components within the associated Benchmark/ Index increased/decreased by a reasonable possible shift, with all other variables held constant and that the fair value of Sub-Fund's investments moved according to the beta. Reasonable possible changes in market index percentage are revised annually depending on management's current view on market volatility and other relevant factors.

Sub-Fund	Benchmark/ Index	Increase/Decrease in index components		Increase/Decrease in net assets attributable to unitholders	
		(%)		(%)	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
Nikko AM Global Dividend Equity Fund	MSCI AC World Net Total Return Index (USD)	9	7	9	7
Horizon Global Bond Fund (S\$ Hedged)	Barclays Global Aggregate Index (SGD Hedged)	3	7	2	6
Singapore Dividend Equity Fund	FTSE Straits Times Net Index	12	7	10	6

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**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).

**Horizon Global Bond Fund (S\$ Hedged), Singapore Dividend Equity Fund and Nikko AM Global Dividend Equity Fund**

Sub-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 changes in the interest rate may affect different industries and securities and scales to adjust the respective Sub-Fund's portfolio investment accordingly.

Changes in interest rates may also have an impact on the value of investment portfolios that consist of fixed income components within the underlying funds. The impact of a change in interest rates on the net assets attributable to unitholders is analysed in Note 9(a), where such a change has an impact on the benchmarked indices used in the price risk sensitivity analysis. Hence, no separate interest rate risk sensitivity analysis is presented.

**Horizon Singapore Fixed Income Enhanced Fund**

The Manager will regularly assess the economic condition, monitor changes in interest rates outlook and take appropriate measures accordingly to control the impact of interest rate risk. The Horizon Singapore Fixed Income Enhanced Fund's overall market positions are monitored frequently and are reviewed formally on a quarterly basis by the Manager.

The tables below summarise the Sub-Fund's exposure to interest rate risks. They include the Sub-Fund's assets and liabilities at fair value, categorised by the earlier of contractual repricing or maturity dates.

As at 31 December 2018

	Floating rate		Fixed rate		Non-interest bearing	Total
	S\$	up to 1 year S\$	1-5 years S\$	Over 5 years S\$	S\$	S\$
<b>Assets</b>						
Portfolio of investments	3,008,698	1,002,361	6,005,834	13,427,845	216,732	23,661,470
Receivables	-	-	-	-	25,578	25,578
Cash and bank balances	156,090	-	-	-	-	156,090
<b>Total assets</b>	<b>3,164,788</b>	<b>1,002,361</b>	<b>6,005,834</b>	<b>13,427,845</b>	<b>242,310</b>	<b>23,843,138</b>
<b>Liabilities</b>						
Payables	-	-	-	-	85,460	85,460
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>85,460</b>	<b>85,460</b>

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

**(b) Market risk - Interest rate risk (continued)**

As at 31 December 2017

	<u>Floating rate</u>	← Fixed rate →		<u>Non-interest bearing</u>	Total	
	S\$	up to 1 year S\$	1-5 years S\$	Over 5 years S\$		S\$
<b>Assets</b>						
Portfolio of investments	2,571,424	508,248	8,524,734	11,930,303	153,822	23,688,531
Receivables	-	-	-	-	19,392	19,392
Cash and bank balances	990,856	-	-	-	-	990,856
<b>Total assets</b>	<b>3,562,280</b>	<b>508,248</b>	<b>8,524,734</b>	<b>11,930,303</b>	<b>173,214</b>	<b>24,698,779</b>
<b>Liabilities</b>						
Payables	-	-	-	-	93,425	93,425
Purchases awaiting settlement	-	-	-	-	520,637	520,637
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>614,062</b>	<b>614,062</b>

As at 31 December 2018 an increase/decrease of interest rates 1% (2017: 1%), with all other variables remaining constant, would result in a decrease/increase of the net assets attributable to unitholders by approximately 7% (2017: 7%). Changes in interest rate are revised annually depending on management's current view of market volatility and other factors.

**(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 Sub-Funds mainly holds its excess cash in its functional currency. For hedging purposes, the Sub-Funds may also enter into forward foreign exchange contracts.

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

**(c) Market risk - Currency risk (continued)**

**Nikko AM Global Dividend Equity Fund**

As at 31 December 2018	USD US\$	EUR US\$	SEK US\$	GBP US\$	JPY US\$	AUD US\$	TWD US\$	SGD US\$	Others US\$	Total US\$
<b>Assets</b>										
Portfolio of investments	26,083,243	8,357,270	1,038,293	14,094,287	1,393,550	3,912,864	1,423,268	900,303	6,956,839	64,159,917
Receivables	65,240	15,913	-	52,113	-	-	-	10,421	-	143,687
Cash and bank balances	1,962,215	6,608	223	3,259	325	3,534	-	199,812	29,710	2,205,686
<b>Total assets</b>	<b>28,110,698</b>	<b>8,379,791</b>	<b>1,038,516</b>	<b>14,149,659</b>	<b>1,393,875</b>	<b>3,916,398</b>	<b>1,423,268</b>	<b>1,110,536</b>	<b>6,986,549</b>	<b>66,509,290</b>
<b>Liabilities</b>										
Payables	326,808	-	-	-	-	-	-	42,959	-	369,767
Distributions payable	-	-	-	-	-	-	-	19,909	200	20,109
<b>Total liabilities</b>	<b>326,808</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62,868</b>	<b>200</b>	<b>389,876</b>
<b>Net off-balance sheet derivative financial instruments</b>	<b>(65,588,273)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65,706,282</b>	<b>74,618</b>	
<b>Net currency exposure</b>	<b>(37,804,383)</b>	<b>8,379,791</b>	<b>1,038,516</b>	<b>14,149,659</b>	<b>1,393,875</b>	<b>3,916,398</b>	<b>1,423,268</b>	<b>66,753,950</b>	<b>7,060,967</b>	

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

**(c) Market risk - Currency risk (continued)**

**Nikko AM Global Dividend Equity Fund (continued)**

As at 31 December 2017	USD US\$	EUR US\$	SEK US\$	GBP US\$	JPY US\$	AUD US\$	TWD US\$	Others US\$	Total US\$
<b>Assets</b>									
Portfolio of investments	31,372,795	14,773,706	4,226,879	10,572,207	5,985,284	4,172,330	3,509,048	5,985,910	80,598,159
Receivables	57,706	-	-	35,679	23,891	-	-	41,711	158,987
Cash and bank balances	764,984	63,746	243	547	316	3,924	-	503,676	1,337,436
<b>Total assets</b>	<b>32,195,485</b>	<b>14,837,452</b>	<b>4,227,122</b>	<b>10,608,433</b>	<b>6,009,491</b>	<b>4,176,254</b>	<b>3,509,048</b>	<b>6,531,297</b>	<b>82,094,582</b>
<b>Liabilities</b>									
Payables	375,102	-	-	-	-	-	-	89,248	464,350
Distributions payable	-	-	-	-	-	-	-	33,896	33,896
<b>Total liabilities</b>	<b>375,102</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>123,144</b>	<b>498,246</b>
<b>Net off-balance sheet derivative financial instruments</b>	<b>(80,028,168)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>80,779,537</b>	
<b>Net currency exposure</b>	<b>(48,207,785)</b>	<b>14,837,452</b>	<b>4,227,122</b>	<b>10,608,433</b>	<b>6,009,491</b>	<b>4,176,254</b>	<b>3,509,048</b>	<b>87,187,690</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 as part of the price risk sensitivity analysis.

As of 31 December 2018 and 2017, the Sub-Fund does not hold substantial monetary assets/liabilities. Changes in foreign exchange rates on monetary assets/liabilities will not result in a significant change in the net asset value of the Sub-Fund. Hence, no separate sensitivity analysis on foreign currency risk has been presented.

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

**(c) Market risk - Currency risk (continued)**

**Horizon Global Bond Fund (S\$ Hedged)**

As at 31 December 2018	SGD S\$	USD S\$	JPY S\$	GBP S\$	EUR S\$	Total S\$
<b>Assets</b>						
Portfolio of investments	-	22,090,923	-	-	-	22,090,923
Sales awaiting settlement	-	18,489	-	-	-	18,489
Cash and bank balances	105,791	496,408	248	-	-	602,447
<b>Total assets</b>	<b>105,791</b>	<b>22,605,820</b>	<b>248</b>	<b>-</b>	<b>-</b>	<b>22,711,859</b>
<b>Liabilities</b>						
Payables	72,911	-	-	-	-	72,911
<b>Total liabilities</b>	<b>72,911</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72,911</b>

**Net off-balance sheet  
derivative  
financial instruments  
Net currency exposure**

21,100,015	(10,338,064)	(3,872,240)	(1,100,684)	(5,611,204)
<b>21,132,895</b>	<b>12,267,756</b>	<b>(3,871,992)</b>	<b>(1,100,684)</b>	<b>(5,611,204)</b>

As at 31 December 2017	SGD S\$	USD S\$	JPY S\$	GBP S\$	EUR S\$	Total S\$
<b>Assets</b>						
Portfolio of investments	-	25,001,997	-	-	-	25,001,997
Sales awaiting settlement	-	3,502	-	-	-	3,502
Cash and bank balances	381,016	708,468	237	-	-	1,089,721
<b>Total assets</b>	<b>381,016</b>	<b>25,713,967</b>	<b>237</b>	<b>-</b>	<b>-</b>	<b>26,095,220</b>
<b>Liabilities</b>						
Payables	74,953	-	-	-	-	74,953
Purchases awaiting settlement	-	223,915	-	-	-	223,915
<b>Total liabilities</b>	<b>74,953</b>	<b>223,915</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>298,868</b>

**Net off-balance sheet  
derivative  
financial instruments  
Net currency exposure**

23,263,029	(11,262,426)	(4,114,135)	(1,313,655)	(6,401,594)
<b>23,569,092</b>	<b>14,227,626</b>	<b>(4,113,898)</b>	<b>(1,313,655)</b>	<b>(6,401,594)</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 as part of the price risk sensitivity analysis.

The following table shows the Sub-Fund's sensitivity to major foreign currencies exposure with all other variables held constant. Changes in percentage are revised annually depending on management's current view of market volatility and other relevant factors.

	Increase/Decrease in foreign exchange rate (%)		(Decrease)/Increase in net assets attributable to unitholders (%)	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
EUR	6	6	(1)	(1)
GBP	10	7	-	-
JPY	9	7	(2)	(1)
USD	5	5	3	(2)

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

**(c) Market risk - Currency risk (continued)**

**Singapore Dividend Equity Fund**

As at 31 December 2018	SGD S\$	USD S\$	JPY S\$	HKD S\$	MYR S\$	Total S\$
<b>Assets</b>						
Portfolio of investments	161,851,831	9,233,996	-	5,449,576	-	176,535,403
Sales awaiting settlement	57,526	-	-	-	-	57,526
Receivables	715,723	-	17,431	-	1,914	735,068
Cash and bank balances	3,614,296	2,149,462	1,063,708	-	65	6,827,531
<b>Total assets</b>	<b>166,239,376</b>	<b>11,383,458</b>	<b>1,081,139</b>	<b>5,449,576</b>	<b>1,979</b>	<b>184,155,528</b>
<b>Liabilities</b>						
Payables	1,052,513	15,901	-	-	3,069	1,071,483
Distributions payable	738,201	15,713	-	-	24,887	778,801
<b>Total liabilities</b>	<b>1,790,714</b>	<b>31,614</b>	<b>-</b>	<b>-</b>	<b>27,956</b>	<b>1,850,284</b>
<b>Net currency exposure</b>	<b>164,448,662</b>	<b>11,351,844</b>	<b>1,081,139</b>	<b>5,449,576</b>	<b>(25,977)</b>	

As at 31 December 2017	SGD S\$	USD S\$	JPY S\$	HKD S\$	MYR S\$	Total S\$
<b>Assets</b>						
Portfolio of investments	130,251,483	8,714,524	-	5,269,871	-	144,235,878
Receivables	472,356	-	29,093	-	32,835	534,284
Cash and bank balances	1,046,535	1,505,390	581,519	-	10,247	3,143,691
<b>Total assets</b>	<b>131,770,374</b>	<b>10,219,914</b>	<b>610,612</b>	<b>5,269,871</b>	<b>43,082</b>	<b>147,913,853</b>
<b>Liabilities</b>						
Payables	1,265,311	-	-	-	37,091	1,302,402
Distributions payable	572,140	13,015	-	-	24,870	610,025
<b>Total liabilities</b>	<b>1,837,451</b>	<b>13,015</b>	<b>-</b>	<b>-</b>	<b>61,961</b>	<b>1,912,427</b>
<b>Net currency exposure</b>	<b>129,932,923</b>	<b>10,206,899</b>	<b>610,612</b>	<b>5,269,871</b>	<b>(18,879)</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 as part of the price risk sensitivity analysis.

As of 31 December 2018 and 2017, the Sub-Fund does not hold substantial monetary assets/liabilities. Changes in foreign exchange rates on monetary assets/liabilities will not result in a significant change in the net asset value of the Sub-Fund. Hence, no separate sensitivity analysis on foreign currency risk has been presented.



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

(c) **Market risk - Currency risk** (continued)

**Horizon Singapore Fixed Income Enhanced Fund**

As of 31 December 2018 and 2017, the Sub-Fund holds all its assets and liabilities in Singapore Dollar. Hence, changes in foreign exchange rates will not result in any change in the net asset value of the Sub-Fund and no separate sensitivity analysis on foreign currency risk has been presented.

(d) **Market risk - Liquidity risk**

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

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

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

The Sub-Funds' securities are considered readily realisable as majority of the securities are listed on recognised stock exchanges.

The Sub-Funds' financial liabilities are analysed using contractual undiscounted cash flows for maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date. At as 31 December 2018, all liabilities are either payable on demand or due in less than 3 months. The impact of discounting is not significant.

	Nikko AM Global Dividend Equity Fund Less than 3 months		Horizon Global Bond Fund (S\$ Hedged) Less than 3 months	
	As at 31 December 2018 US\$	As at 31 December 2017 US\$	As at 31 December 2018 S\$	As at 31 December 2017 S\$
Payables	369,767	464,350	72,911	74,953
Distribution payable	20,109	33,896	-	-
Purchases awaiting settlement	-	-	-	223,915
<b>Contractual cash outflows (excluding gross settled derivatives)</b>	<b>389,876</b>	<b>498,246</b>	<b>72,911</b>	<b>298,868</b>

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

**(d) Market risk - Liquidity risk (continued)**

	Singapore Dividend Equity Fund Less than 3 months		Horizon Singapore Fixed Income Enhanced Fund Less than 3 months	
	As at 31 December 2018 S\$	As at 31 December 2017 S\$	As at 31 December 2018 S\$	As at 31 December 2017 S\$
Payables	1,071,483	1,302,402	85,460	93,425
Distribution payable	778,801	610,025	-	-
Purchases awaiting settlement	-	-	-	520,637
<b>Contractual cash outflows (excluding gross settled derivatives)</b>	<b>1,850,284</b>	<b>1,912,427</b>	<b>85,460</b>	<b>614,062</b>

The tables below analyse the Sub-Funds' derivative financial instruments in a loss position that will be settled on a gross basis into relevant maturity groupings based on the remaining 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.

Less than 3 months	Nikko AM Global Dividend Equity Fund	
	31 December 2018 US\$	31 December 2017 US\$
Currency forward		
- Outflow	(4,053,074)	-
- Inflow	4,034,847	-
<b>Net outflow</b>	<b>(18,227)</b>	<b>-</b>

  

Less than 3 months	Horizon Global Bond Fund (S\$ Hedged)	
	31 December 2018 S\$	31 December 2017 S\$
Currency forward		
- Outflow	(3,872,240)	(6,401,594)
- Inflow	3,833,443	6,336,962
<b>Net outflow</b>	<b>(38,797)</b>	<b>(64,632)</b>

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

**(e) Credit risk**

Credit risk is the risk that a counterparty will be unable to fulfil its obligations to the Sub-Funds 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 table below analyses the Sub-Fund's investments by credit ratings. The credit ratings are reviewed regularly.

**Horizon Singapore Fixed Income Enhanced Fund**

	Fair value as at 31 December 2018		Fair value as at 31 December 2017	
	Floating rate securities S\$	Fixed rate securities S\$	Floating rate securities S\$	Fixed rate securities S\$
AAA*	-	8,990,450	-	13,284,199
AA	-	249,375	-	500,660
A+	-	-	499,777	-
A-	754,706	1,007,342	782,974	525,465
BBB+	-	757,506	-	769,776
BBB-	994,215	-	-	-
A2	759,720	249,835	-	-
A3	-	248,902	-	-
A3/*+	-	-	515,253	-
Baa1	-	1,440,596	257,571	1,006,761
Baa3	252,630	1,002,361	261,686	-
Not rated	247,427	6,489,673	254,163	4,876,424
Accrued interest receivable on quoted fixed income securities	41,791	174,941	17,932	135,890
	<b>3,050,489</b>	<b>20,610,981</b>	<b>2,589,356</b>	<b>21,099,175</b>

\* The balance includes securities that are issued by government agencies of governments that have a AAA rating as rated by Standard & Poor's.

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

(e) **Credit risk** (continued)

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 bank balances and outstanding and committed transactions with brokers. The table below summarises the credit rating of banks and custodian in which the Sub-Funds' assets are held as at 31 December 2018 and 31 December 2017.

**Nikko AM Global Dividend Equity Fund**

	<b>Credit Rating as at 31 December 2018</b>	Credit rating as at 31 December 2017	<b>Source of credit rating</b>
<b>Bank balance</b>			
- BNP Paribas Securities Services, operating through its Singapore Branch	<b>A</b>	A	Standard & Poor's
<b>Financial derivatives</b>			
- Chase Manhattan International Limited	<b>A-</b>	A-	Standard & Poor's
- Citibank N.A	<b>BBB+</b>	N/A	
- ING Group NV	<b>N/A</b>	A-	Standard & Poor's
<b>Custodian</b>			
- BNP Paribas Securities Services, operating through its Singapore Branch	<b>A</b>	A	Standard & Poor's

**Horizon Global Bond Fund (\$\$ Hedged)**

	<b>Credit Rating as at 31 December 2018</b>	Credit rating as at 31 December 2017	<b>Source of credit rating</b>
<b>Bank balance</b>			
- BNP Paribas Securities Services, operating through its Singapore Branch	<b>A</b>	A	Standard & Poor's
<b>Financial derivatives</b>			
- Chase Manhattan International Limited	<b>N/A</b>	A-	Standard & Poor's
- Citibank N.A	<b>BBB+</b>	A+	Standard & Poor's
<b>Custodian</b>			
- BNP Paribas Securities Services, operating through its Singapore Branch	<b>A</b>	A	Standard & Poor's

The custodian of the underlying fund is State Street Custodial Services (Ireland) Limited. As at 31 December 2018, State Street is rated AA- (2017: A-) based on Viability rating by Fitch.

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

**(e) Credit risk (continued)**

**Singapore Dividend Equity Fund**

	<b>Credit Rating as at 31 December 2018</b>	Credit rating as at 31 December 2017	<b>Source of credit rating</b>
<b>Bank balance</b>			
- BNP Paribas Securities Services, operating through its Singapore Branch	<b>A</b>	A	Standard & Poor's
<b>Custodian</b>			
- BNP Paribas Securities Services, operating through its Singapore Branch	<b>A</b>	A	Standard & Poor's

**Horizon Singapore Fixed Income Enhanced Fund**

	<b>Credit Rating as at 31 December 2018</b>	Credit rating as at 31 December 2017	<b>Source of credit rating</b>
<b>Bank balance</b>			
- BNP Paribas Securities Services, operating through its Singapore Branch	<b>A</b>	A	Standard & Poor's
<b>Custodian</b>			
- BNP Paribas Securities Services, operating through its Singapore Branch	<b>A</b>	A	Standard & Poor's

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

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

**(f) Capital management**

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

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

(g) **Fair value estimation**

The Sub-Funds classify 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).

The following table analyses within the fair value hierarchy the Sub-Funds' financial assets and liabilities (by class) measured at fair value at 31 December 2018 and 2017:

**Nikko AM Global Dividend Equity Fund**

**As at 31 December 2018**

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<b>Assets</b>				
Financial assets designated at fair value through profit or loss inception:				
- Quoted equities	60,885,636	-	-	60,885,636
- Quoted real estate investment trusts	3,274,281	-	-	3,274,281
- Financial derivatives at fair value	-	210,854	-	210,854
	<b>64,159,917</b>	<b>210,854</b>	<b>-</b>	<b>64,370,771</b>
<b>Liabilities</b>				
Financial liabilities designated at fair value through profit or loss inception:				
- Financial derivatives at fair value	-	18,227	-	18,227

**As at 31 December 2017**

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<b>Assets</b>				
Financial assets designated at fair value through profit or loss inception:				
- Quoted equities	76,053,176	-	-	76,053,176
- Quoted derivatives	-	11,680	-	11,680
- Quoted real estate investment trusts	4,533,303	-	-	4,533,303
- Financial derivatives at fair value	-	751,369	-	751,369
	<b>80,586,479</b>	<b>763,049</b>	<b>-</b>	<b>81,349,528</b>

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

**(g) Fair value estimation (continued)**

**Horizon Global Bond Fund (S\$ Hedged)**

**As at 31 December 2018**

	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
<b>Assets</b>				
Financial assets designated at fair value through profit or loss inception:				
- Quoted investment fund	22,090,923	-	-	22,090,923
- Financial derivatives at fair value	-	216,620	-	216,620
	<b>22,090,923</b>	<b>216,620</b>	<b>-</b>	<b>22,307,543</b>
<b>Liabilities</b>				
Financial liabilities designated at fair value through profit or loss inception:				
- Financial derivatives at fair value	-	38,797	-	38,797

**As at 31 December 2017**

	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
<b>Assets</b>				
Financial assets designated at fair value through profit or loss inception:				
- Quoted investment fund	25,001,997	-	-	25,001,997
- Financial derivatives at fair value	-	235,851	-	235,851
	<b>25,001,997</b>	<b>235,851</b>	<b>-</b>	<b>25,237,848</b>
<b>Liabilities</b>				
Financial liabilities designated at fair value through profit or loss inception:				
- Financial derivatives at fair value	-	64,632	-	64,632

**Singapore Dividend Equity Fund**

**As at 31 December 2018**

	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
<b>Assets</b>				
Financial assets designated at fair value through profit or loss inception:				
- Quoted equities	144,918,157	-	-	144,918,157
- Quoted investment funds	4,739,937	-	-	4,739,937
- Quoted real estate investment trusts	26,877,309	-	-	26,877,309
	<b>176,535,403</b>	<b>-</b>	<b>-</b>	<b>176,535,403</b>

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

(g) **Fair value estimation** (continued)

**Singapore Dividend Equity Fund** (continued)

As at 31 December 2017

Assets	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
Financial assets designated at fair value through profit or loss inception:				
- Quoted equities	110,482,711	-	-	110,482,711
- Quoted investment funds	5,358,539	-	-	5,358,539
- Quoted real estate investment trusts	28,394,628	-	-	28,394,628
	144,235,878	-	-	144,235,878

**Horizon Singapore Fixed Income Enhanced Fund**

As at 31 December 2018

Assets	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
Financial assets designated at fair value through profit or loss inception:				
- Quoted fixed income securities	-	23,661,470	-	23,661,470

As at 31 December 2017

Assets	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
Financial assets designated at fair value through profit or loss inception:				
- Quoted fixed income securities	-	23,688,531	-	23,688,531

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active investment funds. Investments in open-ended investment funds whose net asset value is struck daily, price information is published and readily available and units are subscribed and redeemable on demand at the published price, are classified within level 1. The Sub-Funds do 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 investment-grade corporate bonds and over-the-counter derivatives.

Except for cash and bank balances which are classified as level 1, the Sub-Funds' assets and liabilities not measured at fair value at 31 December 2018 and 2017 have been classified as level 2. The carrying amounts of these assets and liabilities approximate their fair values as at the reporting date.



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

(h) **Interests in unconsolidated structured entities**

The Sub-Funds' investments in Investee Funds are subject to the terms and conditions of the respective Investee Funds' offering documentation and are susceptible to market price risk arising from uncertainties about future values of those Investee Funds. The Manager makes investment decisions after extensive due diligence of the Investee Funds, its strategy and the overall quality of the Investee Funds' manager.

The Sub-Funds have right to request redemption of its investments in Investee Funds on a daily basis. The exposure to investments in Investee Funds at fair value is disclosed under the Statement of Portfolio. These investments are included in "Portfolio of investments" in the Statements of Financial Position.

The Sub-Funds' holding in an Investee Fund, as a percentage of the Investee Fund's total net asset value, will vary from time to time dependent on the volume of subscriptions and redemptions at the Investee Fund level. It is possible that the Sub-Funds may, at any point in time, hold a majority of an Investee Fund's total units in issue.

The Sub-Funds' maximum exposure to loss from its interests in Investee Funds is equal to the total fair value of its investments in Investee Funds.

Once the Sub-Funds have disposed of its units in an Investee Fund, the Sub-Funds cease to be exposed to any risk from that Investee Fund.

**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 Sub-Funds and a related party at terms agreed between the parties and within the provisions of the Deeds:

	Nikko AM Global Dividend Equity Fund		Horizon Global Bond Fund (S\$ Hedged)	
	2018 US\$	2017 US\$	2018 S\$	2017 S\$
Bank balances held with related party of the trustee	<b>2,205,686</b>	1,337,436	<b>602,447</b>	1,089,721
	Singapore Dividend Equity Fund		Horizon Singapore Fixed Income Enhanced Fund	
	2018 S\$	2017 S\$	2018 S\$	2017 S\$
Bank balances held with related party of the trustee	<b>6,827,531</b>	3,143,691	<b>156,090</b>	990,856

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**11. Financial ratios**

**Expense ratio**

**Nikko AM Global Dividend Equity Fund**

<b>SGD Hedged (Acc) Class</b>		<b>2018</b>	<b>2017</b>
Total operating expenses	US\$	<b>1,147,155</b>	1,209,172
Average daily net asset value	US\$	<b>66,672,406</b>	70,103,367
<b>Total expense ratio<sup>1</sup></b>	%	<b>1.72</b>	1.72

<b>SGD Hedged (Dist) Class</b>		<b>2018</b>	<b>2017</b>
Total operating expenses	US\$	<b>163,160</b>	159,071
Average daily net asset value	US\$	<b>9,302,328</b>	9,013,095
<b>Total expense ratio<sup>1</sup></b>	%	<b>1.75</b>	1.76

<b>USD (Acc) Class</b>		<b>2018</b>	<b>2017</b>
Total operating expenses	US\$	<b>10,801</b>	11,577
Average daily net asset value	US\$	<b>424,654</b>	469,658
<b>Total expense ratio<sup>1</sup></b>	%	<b>2.54</b>	2.47

<b>CNH Hedged (Dist) Class</b>		<b>2018</b>	<b>2017</b>
Total operating expenses	US\$	<b>5,089</b>	6,890
Average daily net asset value	US\$	<b>88,911</b>	192,958
<b>Total expense ratio<sup>1</sup></b>	%	<b>5.72</b>	3.57

<b>Horizon Global Bond Fund (S\$ Hedged)</b>		<b>2018</b>	<b>2017</b>
Total operating expenses	S\$	<b>213,125</b>	222,118
Average daily net asset value	S\$	<b>24,510,455</b>	26,281,939
<b>Total expense ratio<sup>1</sup></b> (including underlying fund's expense ratio)	%	<b>1.58</b>	1.57
Weighted average of the underlying fund's unaudited expense ratio	%	<b>0.71</b>	0.72

**Singapore Dividend Equity Fund**

<b>SGD class</b>		<b>2018</b>	<b>2017</b>
Total operating expenses	S\$	<b>2,372,877</b>	2,079,252
Average daily net asset value	S\$	<b>154,441,795</b>	137,900,100
<b>Total expense ratio<sup>1</sup></b>	%	<b>1.54</b>	1.51

<b>JPY Class</b>		<b>2018</b>	<b>2017</b>
Total operating expenses	S\$	<b>3,127</b>	1,514
Average daily net asset value	S\$	<b>564,205</b>	286,732
<b>Total expense ratio<sup>1</sup></b>	%	<b>0.55</b>	0.53

<b>USD Class</b>		<b>2018</b>	<b>2017</b>
Total operating expenses	S\$	<b>61,739</b>	38,702
Average daily net asset value	S\$	<b>4,011,271</b>	2,560,751
<b>Total expense ratio<sup>1</sup></b>	%	<b>1.54</b>	1.51

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**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
(Constituted under a Trust Deed registered in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2018

**11. Financial ratios (continued)**

**Expense ratio (continued)**

**Singapore Dividend Equity Fund (continued)**

<b>MYR Class</b>		<b>2018</b>	<b>2017</b>
Total operating expenses	S\$	<b>100,498</b>	48,497
Average daily net asset value	S\$	<b>6,537,263</b>	3,204,390
<b>Total expense ratio<sup>1</sup></b>	%	<b>1.54</b>	1.51

**Horizon Singapore Fixed Income Enhanced Fund**

		<b>2018</b>	<b>2017</b>
Total operating expenses	S\$	<b>323,048</b>	306,234
Average daily net asset value	S\$	<b>25,398,309</b>	24,181,154
<b>Total expense ratio<sup>1</sup></b>	%	<b>1.27</b>	1.27

<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 Sub-Funds do not pay any performance fee. The average net asset value is based on the daily balances.

**Turnover ratio**

**Nikko AM Global Dividend Equity Fund**

		<b>2018</b>	<b>2017</b>
Lower of total value of purchases or sales	US\$	<b>20,005,470</b>	16,758,885
Average daily net asset value	US\$	<b>76,488,300</b>	79,779,078
<b>Total turnover ratio<sup>2</sup></b>	%	<b>26.15</b>	21.01

**Horizon Global Bond Fund (S\$ Hedged)**

		<b>2018</b>	<b>2017</b>
Lower of total value of purchases or sales	S\$	<b>1,409,784</b>	2,888,828
Average daily net asset value	S\$	<b>24,510,455</b>	26,281,939
<b>Total turnover ratio<sup>2</sup></b>	%	<b>5.75</b>	10.99

**Singapore Dividend Equity Fund**

		<b>2018</b>	<b>2017</b>
Lower of total value of purchases or sales	S\$	<b>35,809,333</b>	64,934,738
Average daily net asset value	S\$	<b>165,554,534</b>	143,951,974
<b>Total turnover ratio<sup>2</sup></b>	%	<b>21.63</b>	45.11

**Horizon Singapore Fixed Income Enhanced Fund**

		<b>2018</b>	<b>2017</b>
Lower of total value of purchases or sales	S\$	<b>19,881,978</b>	43,275,633
Average daily net asset value	S\$	<b>25,398,309</b>	24,181,154
<b>Total turnover ratio<sup>2</sup></b>	%	<b>78.28</b>	178.96

<sup>2</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 SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**REPORT TO UNITHOLDERS**

*For the financial year ended 31 December 2018*

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The following contains additional information relating to the Sub-Funds.

**1. Distribution of investments**

Please refer to the Statements of Portfolio on pages 26 to 40.

**2. Credit rating of debt securities**

**Horizon Singapore Fixed Income Enhanced Fund**

	Fair value at 31 December 2018 S\$	Percentage of total net assets attributable to unitholders at 31 December 2018 %
AAA	8,990,450	37.84
AA	249,375	1.05
A-	1,762,048	7.42
BBB+	757,506	3.19
BBB-	994,215	4.18
A2	1,009,555	4.25
A3	248,902	1.06
Baa1	1,440,596	6.06
Baa3	1,254,991	5.28
Not rated	6,737,100	28.36
Accrued interest receivable on quoted fixed income securities	216,732	0.91
<b>Total</b>	<b>23,661,470</b>	<b>99.60</b>

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**REPORT TO UNITHOLDERS**

*For the financial year ended 31 December 2018*

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**3. Top 10 holdings**

**Nikko AM Global Dividend Equity Fund**

**10 Largest holdings at 31 December 2018**

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Coca-Cola Company	3,293,713	4.97
Pfizer Incorporated	3,181,037	4.80
Glaxosmithkline Public Listed Company	3,045,816	4.59
Unilever Public Listed Company	2,878,627	4.34
Astrazeneca Public Listed Company	2,563,713	3.87
Roche Holding AG	2,479,715	3.74
Cisco Systems Incorporated	2,429,575	3.66
Macquarie Group Limited	2,236,393	3.37
Chevron Corporation	2,201,988	3.32
Prudential Public Listed Company	2,178,242	3.29

**10 Largest holdings at 31 December 2017**

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Microsoft Corporation	4,805,793	5.84
Siemens AG	3,268,382	3.97
Prudential Public Listed Company	3,144,497	3.82
Macquarie Group Limited	2,859,645	3.47
Philip Morris International Incorporated	2,731,581	3.32
Pfizer Incorporated	2,641,755	3.21
Chevron Corporation	2,537,517	3.08
Cedar Fair LP	2,475,343	3.01
Digital Realty Trust Incorporated	2,474,581	3.01
Bae Systems Public Listed Company	2,420,361	2.94

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
(Constituted under a Trust Deed registered in the Republic of Singapore)

**REPORT TO UNITHOLDERS**

For the financial year ended 31 December 2018

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**3. Top 10 holding (continued)**

**Horizon Global Bond Fund (S\$ Hedged)**

**Largest holdings at 31 December 2018**

	Fair value S\$	Percentage of total net assets attributable to unitholders %
<b>Russell Investment Company PLC - Russell Investment Global Bond Fund (Class A)</b>	<b>22,090,923</b>	<b>96.82</b>

**Largest holdings at 31 December 2017**

	Fair value S\$	Percentage of total net assets attributable to unitholders %
<b>Russell Investment Company PLC - Russell Investment Global Bond Fund (Class A)</b>	<b>25,001,997</b>	<b>96.28</b>

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**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**REPORT TO UNITHOLDERS**

*For the financial year ended 31 December 2018*

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**3. Top 10 holding (continued)**

**Singapore Dividend Equity Fund**

**10 Largest holdings at 31 December 2018**

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Oversea-Chinese Banking Corporation Limited	17,466,512	9.58
DBS Group Holdings Limited	17,357,663	9.52
United Overseas Bank Limited	15,990,156	8.77
Keppel Corporation Limited	9,303,522	5.10
Singapore Technologies Engineering Limited	7,297,939	4.00
Jardine Strategic Holdings Limited	6,179,562	3.39
SATS Limited	5,623,688	3.08
Singapore Airlines Limited	5,372,226	2.95
Yangzijiang Shipbuilding Holdings Limited	5,172,875	2.84
Venture Corporation Limited	5,076,405	2.78

**10 Largest holdings at 31 December 2017**

	Fair value S\$	Percentage of total net assets attributable to unitholders %
DBS Group Holdings Limited	15,976,065	10.94
Oversea-Chinese Banking Corporation Limited	15,200,052	10.41
United Overseas Bank Limited	14,235,390	9.75
Keppel Corporation Limited	9,433,725	6.46
Venture Corporation Limited	6,994,599	4.79
Singapore Telecommunications Limited	5,629,176	3.86
Hongkong Land Holdings Limited	5,358,949	3.67
SATS Limited	4,592,640	3.15
Thai Beverage Public Company Limited	4,193,176	2.87
Mapletree Logistics Trust	3,840,144	2.63

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
(Constituted under a Trust Deed registered in the Republic of Singapore)

**REPORT TO UNITHOLDERS**

For the financial year ended 31 December 2018

**3. Top 10 holding (continued)**

**Horizon Singapore Fixed Income Enhanced Fund**

**10 Largest holdings at 31 December 2018**

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Singapore Government Bond 2.75% due 01/03/2046	1,968,400	8.29
Singapore Government Bond 3.375% due 01/09/2033	1,594,180	6.71
Singapore Government Bond 2.875% due 01/09/2030	1,077,600	4.54
Breadtalk Group Limited 4% due 17/01/2023	1,002,463	4.22
Ford Motor Credit Company LLC 3.7% due 11/03/2019	1,002,361	4.22
Singapore Government Bond 2.75% due 01/04/2042	795,225	3.35
Ascendas Private Limited 3.265% due 06/09/2025	763,453	3.21
Danga Capital Berhad 3.725% due 11/08/2020	762,944	3.21
United Overseas Bank Limited 3.5% due 27/02/2029	759,720	3.20
Manulife Financial Corporation 3.85% due 25/05/2026	754,706	3.18

**10 Largest holdings at 31 December 2017**

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Singapore Government Bond 2.25% due 01/06/2021	2,802,250	11.63
Singapore Government Bond 3.375% due 01/09/2033	1,362,000	5.66
Singapore Government Bond 2.875% due 01/07/2029	1,293,600	5.37
Singapore Government Bond 2.75% due 01/03/2046	1,223,600	5.08
Singapore Government Bond 2.75% due 01/04/2042	1,107,750	4.60
Singapore Technologies Telemedia Private Limited 4.05% due 02/12/2025	1,076,978	4.47
Singapore Government Bond 2.875% due 01/09/2030	1,017,925	4.23
Singapore Government Bond 1.625% due 01/10/2019	949,810	3.94
Manulife Financial Corporation 3.85% due 25/05/2026	782,974	3.25
Danga Capital Berhad 3.725% due 11/08/2020	772,327	3.21



**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**REPORT TO UNITHOLDERS**

*For the financial year ended 31 December 2018*

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**4. Exposure to financial derivatives**

**Nikko AM Global Dividend Equity Fund**

	Fair value at 31 December 2018 US\$	Percentage of total net assets attributable to unitholders 31 December 2018 %	Unrealised gains/(losses) US\$	Realised gains/(losses) US\$
Warrants	-	-	-	(1,395)
Forward foreign exchange contracts	<u>192,627</u>	<u>0.29</u>	<u>192,627</u>	<u>(2,340,591)</u>

**Horizon Global Bond Fund (S\$ Hedged)**

	Fair value at 31 December 2018 S\$	Percentage of total net assets attributable to unitholders 31 December 2018 %	Unrealised gains/(losses) S\$	Realised gains/(losses) S\$
Forward foreign exchange contracts	<u>177,823</u>	<u>0.78</u>	<u>177,823</u>	<u>(223,278)</u>

**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 arrangement;
- 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.

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**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
(Constituted under a Trust Deed registered in the Republic of Singapore)

**REPORT TO UNITHOLDERS**

*For the financial year ended 31 December 2018*

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

**Nikko AM Global Dividend Equity Fund**

Please refer to the Statements of Portfolio on page 26 to 30.

**Horizon Global Bond Fund (S\$ Hedged)**

Please refer to the Statements of Portfolio on page 31.

**Singapore Dividend Equity Fund**

Please refer to the Statements of Portfolio on page 32 to 36.

**9. Borrowings**

Nil.

**10. Amount of units created and cancelled for the financial year ended 31 December 2018**

	<b>Nikko AM Global Dividend Equity Fund US\$</b>	<b>Horizon Global Bond Fund (S\$ Hedged) S\$</b>
Units created	6,974,669	1,677,520
Units cancelled	(11,712,181)	(4,597,957)

  

	<b>Singapore Dividend Equity Fund S\$</b>	<b>Horizon Singapore Fixed Income Enhanced Fund S\$</b>
Units created	92,683,723	4,840,677
Units cancelled	(30,934,994)	(5,319,610)

**11. Turnover ratio**

Please refer to Note 11 of the Notes to the Financial Statements on page 80.

**12. Expense ratio**

Please refer to Note 11 of the Notes to the Financial Statements on page 79 to 80.

**13. Related party transactions**

Please refer to Note 10 of the Notes to the Financial Statements on page 78.

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

Nil

## NIKKO AM SHENTON HORIZON INVESTMENT FUNDS

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

### REPORT TO UNITHOLDERS

For the financial year ended 31 December 2018

The details which follow make reference to the investments within the Russell Investment Company PLC - Russell Investment Global Bond Fund (Class A) unless stated otherwise.

#### 1. Top 10 Holdings

##### 10 Largest holdings at 31 December 2018

	Fair value S\$	Percentage of total net assets attributable to unitholders %
FNCL 3.5 14-Jan-2019	79,664,609	3.55
FNCL 3 14-Jan-2019	33,454,934	1.49
US Treasury N/B 1.625 31-Aug-2019	24,959,385	1.11
US Treasury N/B 1.5 15-Aug-2026	24,561,748	1.10
Japan Treasury Disc Bill 0 12-Feb-2019	23,576,912	1.05
Japan (2 Year Issue) 0.1 01-Nov-2020	21,770,027	0.97
US Treasury N/B 3.125 15-Nov-2028	21,363,251	0.95
FNCL 3.5 13-Feb-2019	17,757,907	0.79
US Treasury N/B 2.75 15-Feb-2028	17,129,810	0.76
TSY Infl lx N/B 0.625 15-Apr-2023	15,958,595	0.71

##### 10 Largest holdings at 31 December 2017

	Fair value S\$	Percentage of total net assets attributable to unitholders %
FNCL 3 13-Feb-2018	31,983,489	1.28
TSY Infl lx N/B 0.625 15-Jan-2026	25,395,823	1.01
US Treasury N/B 1.625 31-Aug-2019	25,261,574	1.01
FNCL 3.5 13-Feb-2018	24,293,993	0.97
Japan (2 Year Issue) 0.1 15-Nov-2018	23,930,476	0.96
Japan Treasury Disc Bill 0 05-Feb-2018	23,085,682	0.92
Buoni Poliennali Del Tes 4.75 01-Sep-2028	21,680,888	0.87
Bundesrepub. Deutschland 0.5 15-Aug-2027	20,165,492	0.81
New Zealand Government 5 15-Mar-2019	19,995,575	0.80
US Treasury N/B 2.125 30-Sep-2024	19,949,118	0.80

#### 2. Financial Ratios

	2018 %	2017 %
Expense ratio <sup>Note</sup>	0.73	0.75
Turnover ratio	305.98	318.00

<sup>Note</sup> The expense ratio has been computed based on the total operating expenses divided by the average net asset value for the period. 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 average net asset value is based on the daily balances.

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Company registration number 198202562H

# SEMI-ANNUAL REPORT

For the financial period ending 30 June 2018

**Nikko AM Shenton  
Horizon Investment Funds**

**MANAGERS**

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Singapore 018961  
Company Registration No. 198202562H

**DIRECTORS**

Hou Wey Fook  
Lim Soon Chong  
Junichi Sayato  
Seet Oon Hui Eleanor  
Yu-Ming Wang

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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>
Horizon Global Bond Fund (S\$ Hedged)	-0.89	-0.58	-0.32	1.82	2.36	3.63	2.37
Barcap Global Aggregate Index (SGD Hedged)	-0.01	-0.26	1.11	2.88	3.46	4.28	3.99
Nikko AM Global Dividend Equity Fund (S\$ Hedged ACC)	-0.31	-3.00	3.27	5.08	6.66	3.36	1.38
Horizon Singapore Fixed Income Enhanced Fund	-0.68	-1.94	-0.88	1.91	1.77	2.28	2.04
Markit iBoxx ALBI Singapore Government Bond Index	-0.48	-1.72	-1.12	2.37	2.08	2.84	2.45
Singapore Dividend Equity Fund	-5.50	-4.22	5.74	3.78	4.42	4.81	4.17

Source: Nikko Asset Management Asia Limited & Russell Investment Group Pte Ltd, returns as at 30 June 2018. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumptions 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>
Horizon Global Bond Fund (S\$ Hedged)	-5.85	-5.55	-5.30	0.09	1.31	3.10	2.09
Barcap Global Aggregate Index (SGD Hedged)	-0.01	-0.26	1.11	2.88	3.46	4.28	3.99
Nikko AM Global Dividend Equity Fund (S\$ Hedged ACC)	-5.29	-7.85	-1.89	3.30	5.57	2.83	1.10
Horizon Singapore Fixed Income Enhanced Fund	-5.64	-6.84	-5.84	0.18	0.73	1.76	1.77
Markit iBoxx ALBI Singapore Government Bond Index	-0.48	-1.72	-1.12	2.37	2.08	2.84	2.45
Singapore Dividend Equity Fund	-10.23	-9.00	0.45	2.02	3.35	4.27	3.89

Source: Nikko Asset Management Asia Limited & Russell Investment Group Pte Ltd, returns as at 30 June 2018. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumptions 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 Global Dividend Equity Fund (US\$ ACC)	-0.20	-2.96	3.25	4.43	5.89	3.70	2.90
Singapore Dividend Equity Fund	-9.14	-6.14	6.73	3.34	2.92	4.77	5.59

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2018. Returns are calculated on a NAV-NAV basis, USD, and based on the assumptions 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 Global Dividend Equity Fund (US\$ ACC)	-5.19	-7.81	-1.91	2.65	4.81	3.17	2.62
Singapore Dividend Equity Fund	-13.68	-10.84	1.39	1.59	1.87	4.23	5.30

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2018. Returns are calculated on a NAV-NAV basis, USD, and based on the assumptions 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 1999**

<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>
Singapore Dividend Equity Fund	-5.05	-7.24	6.29	0.95	N/A	N/A	6.20

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2018. Returns are calculated on a NAV-NAV basis, JPY, and based on the assumptions 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>
Singapore Dividend Equity Fund	-9.80	-11.87	0.97	-0.76	N/A	N/A	5.11

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2018. Returns are calculated on a NAV-NAV basis, JPY, and based on the assumptions 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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**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>
Singapore Dividend Equity Fund	-4.99	-6.23	0.44	N/A	N/A	N/A	11.71

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2018. Returns are calculated on a NAV-NAV basis, MYR, and based on the assumptions 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>
Singapore Dividend Equity Fund	-9.74	-10.92	-4.59	N/A	N/A	N/A	9.20

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2018. Returns are calculated on a NAV-NAV basis, MYR, and based on the assumptions 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: 29 March 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 Global Dividend Equity Fund (S\$ Hedged Dist)	-0.18	-2.90	3.38	5.09	N/A	N/A	4.29

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2018. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumptions 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 Global Dividend Equity Fund (S\$ Hedged Dist)	-5.17	-7.75	-1.79	3.31	N/A	N/A	3.05

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2018. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumptions 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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**Inception date: 17 March 2014**

<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 Global Dividend Equity Fund (CNH Hedged Dist)	-0.64	-4.02	2.36	5.82	N/A	N/A	4.10

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2018. Returns are calculated on a NAV-NAV basis, CNH, and based on the assumptions 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 Global Dividend Equity Fund (CNH Hedged Dist)	-5.61	-8.82	-2.76	4.02	N/A	N/A	2.85

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2018. Returns are calculated on a NAV-NAV basis, CNH, and based on the assumptions 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 2014****Note:**

- (1) With effect from 17 October 2011, the umbrella unit trust (formerly known as "Horizon Investment Funds") has been renamed Nikko AM Shenton Horizon Investment Funds.
- (2) With effect from 20 February 2012, Horizon Singapore Equity Fund has been renamed Singapore Dividend Equity Fund.
- (3) With effect from 16 December 2013, Horizon Global Equity Fund was reshaped to Nikko AM Global Dividend Equity Fund.
- (4) With effect from 6 February 2015, Horizon U.S. Equity Fund was terminated.
- (5) With effect from 30 September 2015, Horizon Asia ex-Japan Equity Fund was terminated.
- (6) With effect from 28 October 2015, the appointment of Russell Investment Group Private Limited as the investment adviser for the Horizon Global Bond Fund (S\$ Hedged); Horizon European Equity Fund; Singapore Dividend Equity Fund and Horizon Singapore Fixed Income Enhanced Fund was terminated.
- (7) With effect from 27 October 2016, Horizon European Equity Fund was terminated.
- (8) With effect from 1 December 2016, the appointment of Kleinwort Benson Investors Dublin Ltd ("Kleinwort Benson") as the sub-managers for the Nikko AM Global Dividend Equity Fund was terminated and Nikko Asset Management Europe Ltd ("NAM Europe") has been appointed as the sub-managers for the Nikko AM Global Dividend Equity Fund.

With effect from November 2008, the benchmark for the Horizon Global Bond Fund (S\$ Hedged) is renamed as Barclays Capital ("Barcap") Global Aggregate Index, S\$ Hedged. Previously, it was known as Lehman Brothers' Global Aggregate (SGD Hedged) Index.

With effect from 1 December 2016, the benchmark for the Nikko AM Global Dividend Equity Fund (i.e. MSCI All Country World Index, USD base) has been removed and there will be no benchmark for this 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 16 December 2013, the reference benchmark was a composite of Russell 1000® Net 30% Index; FTSE All Share Index; TOPIX Dividend Included Index; Russell Developed Europe ex-UK Large Cap Index (net); and Russell Asia Pacific ex Japan (All cap) Index, according to their regional weights from time to time.

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With effect from 1 June 2017, the benchmark for the Horizon Singapore Fixed Income Enhanced Fund was changed to Markit iBoxx ALBI Singapore Government Bond Index. Prior to 1 June 2017, the benchmark was UOB Singapore Government Bond All Index. Prior to August 2006, the benchmark was 3-month Singapore Interbank Bid Rate (SIBID).

With effect from 1 November 2017, the benchmark for the Singapore Dividend Equity Fund (i.e. Straits Times Index) was removed and there will no longer be any benchmark for the Fund. This is because pursuant to the investment objective of this Fund, this Fund is managed on a total return basis and as such, it does not seek to outperform any benchmark. Prior to 1 July 2001, the benchmark was DBS 50 Index.

## **Nikko AM Global Dividend Equity Fund**

### **Portfolio Review**

#### ***Fund returned -3.00% in SGD hedged terms in 1H2018***

For the six months ended 30 June 2018, the Nikko AM Global Dividend Equity Fund (the "Fund") posted a return of -3.00% (SGD hedged terms, NAV-NAV basis).

During the period, some stocks we introduced into the portfolio include Cisco, DBS Group, Fortum and Schneider Electric.

Cisco has been a long term laggard versus the technology sector, with pedestrian growth being a key factor. With the shift to the cloud and software defined networks, the requirements for replacement/upgrading/expansion of the hardware plumbing for network infrastructure (switches, routers etc.) has been modest. These trends are mature and well recognised and overall market growth is now improving as customers embrace more investment in solutions that combine software and hardware, rollout more '100GB' ethernet architecture, upgraded security and invest for the ever growing explosion in data. This shift to more software is also being mirrored in its revenue mix, with about 33% of total revenue now in software/services. The banking environment for DBS Group is far healthier than other parts of the world given their exposure to far eastern markets, such as Singapore, Hong Kong and China, amongst others. The company is coming out of a loss cycle and experiencing accelerating loan growth. Furthermore DBS has been investing heavily in IT and is now an industry leader in the region providing them an advantage to grow fee income. Fortum is one of Europe's cleanest power producers. It possess multiple catalysts for an earnings upgrade - consolidation via the recent acquisition of Uniper, a tightening coal market and crucially, the rising price of carbon in Europe. Schneider Electric provides strong dividend cover, good cash conversion and the prospect for dividend growth due to upturn in activity and margin improvement from acquisition strategy.

On the other hand, we sold stocks including Bridgestone, BT, Enbridge and Nordea. Bridgestone was sold due to concerns that the 2018 outlook from the company was overly optimistic. Pricing power may not be as strong as expected given a potential slow-down in US new car volumes and uncertainty with regards to trade tariffs. We also sold BT because of concerns about the sustainability of their stated progressive dividend policy in the face of increasing content costs for their TV business and amid ongoing regulatory uncertainty in the UK. We closed our position in Enbridge based on a lack of cash cover for the stated yield. As for Nordea, the company is operating in a very challenging environment with limited growth and fierce competition. As a result, its ROE is not going to shift until they have completed the integration of their new core IT platform. Until then, the company will pay 100% of earnings as a dividend, so investors are paid whilst they wait. We believe one can gain capital with a similar yield by investing in Fortum.

### **Market Review**

#### ***Higher yielding equities under pressure in 1H2018***

Higher yielding equities around the world were under pressure over the first half of 2018. Rising inflationary pressures have hurt sentiment towards heavily regulated businesses like utilities and industries, much like Consumer Staples, where pricing power is under threat. Pharmaceuticals have also struggled, as investors remain concerned over potential political interventions on drug pricing.

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Generally, rising trade tensions between the US and its trading partners has seen business confidence surveys soften in China and Europe. With US macroeconomic data continuing to firm at the same time, and an apparent bid for the relative safety of US assets, this has seen a marked appreciation of the US Dollar - leading to pressure on Emerging Markets equities.

From an investment perspective, this heightened economic uncertainty has seen 'Growth' generally outperform 'Value' in the first half of the year. The distinction was less marked in Q2 than earlier in the year, with 'Value' sectors such as Energy performing strongly. This can be explained by an increase in crude oil prices on the back of rising geopolitical risk, falling supplies from a number of OPEC countries e.g. Venezuela and Libya, as well as rising speculation that US sanctions on Iran will lead to further supply decreases. Consequently, this led to inventory levels falling back to long term averages.

One constant, has been the relentless outperformance of Information Technology with even the high profile regulatory threats to Facebook failing to dull investors' appetite for the strong growth on offer in the sector.

Financials have struggled in the first half of the year, despite rising inflation and interest rates often being deemed a positive for banks' net interest margins. The share price weakness likely reflects some profit taking amid ongoing political tensions in Europe and a heavy derating in most Emerging Markets.

Not surprisingly given the strength in the oil price, the commodity based markets of Australasia were relatively stronger over the first half of the year.

With regards to portfolios, our stock picking drives the overall shape of positioning with respect to geographies or sectors. Over the quarter these stock picks have continued to be reasonably dispersed across sectors and geographies.

### **Market Outlook and Strategy**

#### ***Focus remains on companies that deliver superior returns over the long term***

Our primary focus remains to seek companies that deliver superior returns over the longer term and we do this by picking companies that meet our criteria for their sustained ability to pay a significant and growing income to investors. One of the key principles remains a comprehensive understanding of the quality of our stocks' business franchise – its sources of competitive advantage and what this should mean for their pricing power. With inflation expectations picking up from very low levels, this assessment is particularly important at present.

The outlook for higher yielding equities globally remains linked to the likely path of interest rates around the world. Trade tensions and the potentially inflationary implications from rising tariffs in the near term must be weighed against the potential for slower economic growth as the impact of such trade restrictions and tighter policy in a maturing cycle are felt more keenly.

Our focus remains on the sustainability of the income generated by the companies in which we invest. It is helpful that the rise in energy prices is beginning to restore dividend cover in a sector which has been under pressure for some time and the rise in interest rates has also caused valuations for stable income producing stocks to fall relative to the wider market. This should continue to present some attractive opportunities. We are increasingly attracted to companies in the pharmaceutical sector given good valuations, relatively stable earnings prospects and quite attractive yields. This can also be said for select stocks within the consumer staples sector – particularly where there is an exposure to longer term consumption growth in Emerging Markets.

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## **Singapore Dividend Equity Fund**

### **Portfolio Review**

#### ***Fund returned -4.22% in SGD terms in 1H2018***

For the six-month period ended 30 June 2018, the Singapore Dividend Equity Fund (the "Fund") posted a return of -4.22% (SGD terms, NAV-NAV basis). The Fund's holdings in Yangzijiang Shipbuilding, Valuetronics and Thai Beverage were among the key detractors from absolute returns over the year. Conversely, positive performance from Japfa, Sheng Siong and Hongkong Land mitigated some losses.

### **Market Review**

#### ***The Straits Times Index declined in 1H18***

The Straits Times Index declined by 2.26% in the first half of 2018, amid significant volatility. At the start of the year, sentiment was buoyed by healthy corporate earnings and optimism about healthy global economic growth. However, towards the end of the period, uncertainty over ongoing trade tensions, political turmoil in Europe, and the US-North Korea summit sparked a shift in global sentiment to a risk-off environment. In June, the US Federal Reserve (Fed) delivered its widely anticipated second 25 basis points (bps) hike for the year, but accompanied it with a more hawkish tone, signaling two further hikes this year instead of one. The SGD depreciated against the USD over the quarter.

#### ***Singapore economy grew 4.4% in the first quarter of 2018***

The Singapore economy grew 4.4% year-on-year (YoY) in the first quarter, accelerating from the 3.6% growth in the last three months of 2017. A strong showing by the manufacturing sector was the primary driver of growth once again. Meanwhile, a pick-up in finance & insurance and business services supported services sector growth, while activity within the construction sector remained weak, posting another quarter of declines. Consequently, the Ministry of Trade and Industry upgraded its full-year GDP growth forecast range to 2.5-3.5% (from 1.5-3.5%).

#### ***Monetary Authority of Singapore (MAS) increased the FX policy slope***

The MAS announced in April that it would increase the slope of the SGDNEER policy band "slightly", and keep the width of the policy band and the level at which it is centred, unchanged. The statement that accompanied the decision sounded largely positive, with the monetary authority noting the broadening of growth in the local economy. In addition, it shared that it now sees core and headline inflation rising gradually into the "upper half" of its forecast ranges. Nonetheless, MAS did highlight that an escalation of global trade tensions is a source of downside risk.

#### ***Inflationary pressures remained subdued***

Headline inflation rose to 0.4% YoY in May, accelerating from 0.1% in April, on the back of faster pace of price increases across all the major categories of the CPI basket, except food. Consequently, core inflation similarly advanced by 0.2% to 1.5%. Going forward, the government expects imported inflation to "rise mildly", citing year-to-date gains in global oil prices, among other things. Domestic sources of inflation are similarly expected to increase "alongside a faster pace of wage growth and a pickup in domestic demand." Nonetheless, policymakers believe that the projected acceleration in consumer prices will "remain moderate".

#### ***Budget 2018 set out an expansionary fiscal policy***

In February, Finance Minister Heng Swee Keat unveiled the Fiscal Year 2018 budget, where he stated that the government is projecting a small deficit of 0.1% (of GDP) this year, from an upwardly revised fiscal surplus of 2.1% in 2017. Some of the pro-growth measures announced include the extension of the Wage Credit Scheme, enhancements to the Corporate Income Tax rebate, deferrals of foreign worker levy hikes and a one-off cash transfer for all citizens aged 21 and above. The budget speech also focused on medium-term fiscal sustainability, with the finance minister announcing a 2% raise in the Goods and Services Tax (GST) rate, to be implemented some time in 2021-25.

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## **Market Outlook and Strategy**

### ***Remain optimistic on Singapore; recent correction brings valuations to attractive levels***

We remain optimistic on Singapore equities, and see the most recent sell-off bringing valuations to attractive levels again. We remain positive on earnings expectations, even though the pace of upgrades is likely to become gradually more modest. We do not see the current level of deterioration in US-China trade relations significantly derailing our positive outlook, but acknowledge that a further deterioration is a key risk, which we will monitor closely. We are hopeful that a full-on trade war will be averted, as it will be destructive for all parties.

With the recent correction in Singapore stocks, we are convinced that there will be solid opportunities for bottom-up security selection, accompanied by wider bifurcation in returns between sector, stock and size factors. We remain in favour of cyclical industries such as technology, capital goods, real estate and selected commodity names. We continue to underweight the domestic transportation and telecom sectors, which remain pressured by competition and business model disruption.

We also maintain our conviction in companies which embody the New Singapore. These are companies that are reinventing their business models to succeed in the future economic landscape. We believe that these New Singapore companies will tend to be in industries like technology, healthcare, logistics, tourism and consumer services. We also continue to look for corporate restructuring candidates, as companies look to exploit inorganic opportunities to further profit from the ongoing economic recovery.

We remain convinced of the long-term merits of investing in high dividend stocks. With inflation remaining relatively benign, we continue to see the Fed hiking rates in a manageable manner. The Fund remains anchored in stocks which pay an attractive and predictable dividend yield, particularly those which also offer steady growth. We maintain a core exposure in Singapore REITs, focusing on names which are leveraged to the improving economic environment as well as our New Singapore focus.

## **Horizon Singapore Fixed Income Enhanced Fund**

### **Portfolio Review**

#### ***Fund underperformed the benchmark in 1H2018***

In the six-month period ending 30 June 2018, the Horizon Singapore Fixed Income Enhanced Fund (the "Fund") posted a return of -1.94% (SGD terms, on a NAV-NAV basis), underperforming its benchmark, the Markit iBoxx ALBI Singapore Government Bond Index, which returned -1.72% (SGD terms) during the period. The Fund's Statutory Board and corporate holdings contributed negatively to the performance.

### **Market Review**

#### ***Singapore Government Securities (SGS) ended lower over the six-month period***

There was a steep rise in US Treasury (UST) yields over the period. Optimism on the global economy, as positive macro news from both developed and emerging markets fuelled expectations that global growth could remain well above trend, prompted the rise in risk-free rates. Subsequent firmer inflation readings coupled with rising oil prices supported another leg-up in yields. The US Federal Reserve (Fed) raised interest rates by a total of 50 basis points (bps) over the period. The rate rise in June was accompanied by a more hawkish tone, supporting higher short-term rates. Over in Europe, although the European Central Bank (ECB) laid out plans to wind down its bond-buying programme by end of the year, it declared that interest rates will remain unchanged "at least through the summer of 2019." Towards the end of the period, markets' focus was on the escalation in Sino-US trade tensions.

Short-dated SGS outperformed USTs over the six-month period, but mid to long-dated SGS underperformed their UST counterparts. Overall, 2 and 10-year UST yields ended about 65bps and 46bps higher, while same-tenor SGS yields rose 30bps and 52bps respectively, compared to end-December 2017 levels.

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### ***Singapore economy grows 4.4% in the first quarter of 2018***

The Singapore economy grew 4.4% Year-on-Year (YoY) in the first quarter of the year, accelerating from the 3.6% growth in the last three months of 2017. A strong showing by the manufacturing sector was the primary driver of growth once again. Meanwhile, a pick-up in finance & insurance and business services supported services sector growth, while activity within the construction remained weak, posting another quarter of negative growth. Consequently, the Ministry of Trade and Industry upgraded its full-year GDP growth forecast range to 2.5-3.5% (from 1.5-3.5%).

### ***Monetary Authority of Singapore (MAS) increased the FX policy slope***

The MAS announced in April that it would increase the slope of the SGDNEER policy band “slightly”, and keep the width of the policy band and the level at which it is centred, unchanged. The statement that accompanied the decision sounded largely positive, with the monetary authority noting the broadening of growth in the local economy. In addition, it shared that it now sees core and headline inflation rising gradually into the “upper half” of its forecast ranges. Nonetheless, MAS did highlight that an escalation of global trade tensions is a source of downside risk.

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Headline inflation rose to 0.4% YoY in May, accelerating from 0.1% in April, on the back of faster pace of price increases across all the major categories of the CPI basket, except food. Consequently, core inflation similarly advanced by 0.2% to 1.5%. Going forward, the government expects imported inflation to “rise mildly”, citing year-to-date gains in global oil prices, among other things. Domestic sources of inflation are similarly expected to increase “alongside a faster pace of wage growth and a pickup in domestic demand.” Nonetheless, policymakers believe that the projected acceleration in consumer prices will “remain moderate”.

### ***Budget 2018 set out an expansionary fiscal policy***

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### **Market Outlook and Strategy**

#### ***‘Neutral-overweight’ view on SGS***

Entering into 2H2018, monetary policy tightening, especially in the US, looks set to continue. This remains a headwind for fixed income assets. The ratcheting up of tensions over trade is unlikely to abate in the near term. Continued deterioration of trade relations could further sour investor sentiment on riskier assets, and hit global growth. Markets’ risk aversion and expectation of slower growth will be supportive of bonds. Our preference is for longer-dated SGS, as duration supply in the third quarter is light, with no long-tenor auction until end-September. Moreover, yields of front end SGS would likely be pressured higher as front-end US rates rise as a result of further Fed rate hikes.

#### ***Singapore Dollar (SGD) to underperform US Dollar (USD)***

We expect the US Dollar rally to continue, amid lingering global trade tensions and further policy tightening from the US Federal Reserve. Within the region, Singapore is relatively vulnerable to supply chain disruptions from further trade friction, given its highly export-dependent economy. Hence, our ‘neutral/underweight’ call on the SGD.

### **Horizon Global Bond Fund (S\$ Hedged)**

#### **Portfolio Review**

#### ***Fund underperformed the benchmark in 1H2018***

The Horizon Global Bond Fund (S\$ Hedged) (the “Fund”) returned -0.58% (SGD terms, NAV-NAV basis) for the six-month period ending 30 June 2018, underperforming the benchmark which returned -0.26%.



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The Fund outperformed the benchmark in the first quarter of 2018 - driven by rates and currency positioning. In rates, the underweight in the UK and overweight in Brazil added meaningful value. In active currencies, overweights to the British pound, Mexican peso and Japanese yen drove performance. This was slightly moderated by the underweight to the Swiss franc. In credit, an underweight to agency residential mortgage-back securities (RMBS) generated gains and an overweight to non-agency RMBS. These were offset however by an overweight to investment-grade financials.

The Fund finished behind the benchmark over the second quarter of 2018. Credit performance was flat as the overweights to corporate high yield and investment-grade financials, pulled back the gains added through underweights to investment-grade industrials and non-agency mortgages. Active currency positioning was positive through underweights to the Hungarian forint, Swiss franc and New Zealand dollar, but this was offset by overweights to the Japanese yen, British pound and Mexican peso. Rates positioning was negative through an overweight in Brazil, however the underweight in Italy hindered further underperformance.

### **Market Review**

The Bloomberg Barclays Global Aggregate Bond Index increased 1.4% in unhedged US dollar terms in the first quarter. On the back of positive economic data, the US Federal Reserve (Fed) raised its benchmark interest rate. Similarly, the European Central Bank (ECB) and Bank of England (BoE) adopted a more hawkish stance on their policies but held their respective interest rates held. Meanwhile, US president Trump introduced major tariffs on Chinese imports, whilst Germany finally formed a coalition government and the UK managed to wrangle out a transition deal with the EU. The US dollar weakened over the period whilst commodity prices strengthened slightly.

In the US, non-farm payrolls figure (313,000 February) came in stronger-than-expected, whilst the unemployment rate remained at 4.1% - in line with the slight uptick of the participation rate (63%). Fourth quarter GDP growth was revised higher to 2.9% Year-on-Year (YoY), beating expectations for 2.7% growth, however retail sales (-0.1% MoM) unexpectedly fell for the third straight month in February. Nevertheless, there was enough fuel for the Fed to raise interest rates by 25 basis points (bps) to a target range of 1.50% - 1.75% and signal that there are more hikes to come. The Fed also upgraded its 2018 (2.7%) and 2019 (2.4%) GDP growth forecasts. Additionally, investors had to digest news that Trump's administration introduced tariffs on \$60 billion worth of imports from China. This heightened global market volatility. The benchmark 10-year Treasury sold off considerably to the run-up of the rate hike and steepened 33bps overall to 2.74%. Across the pond, the BoE kept its monetary policy unchanged. However, two policymakers dissented by voting in favour of an immediate rate hike. The ECB also kept its monetary policy unchanged but omitted from its statement its commitment to purchase more bonds and expand its quantitative easing if necessary. EU leaders also approved the UK-EU Brexit transition deal, enabling the UK to continue to act as if it were still part of the EU through the end of 2020. Meanwhile in Germany, Angela Merkel's Christian Democratic Union and the Social Democratic Party finally hammered out a coalition agreement. Both the UK (+17 bps to 1.41%) and German (+4 bps to 0.52%) benchmark 10-year yields ticked higher over the period.

In emerging market debt (EMD), local currency EMD increased 4.4% on the back of US dollar weakness. Hard currency EMD fell 1.8% and corporate EMD lost 1.1%.

Market volatility informed upon credit markets. Global investment-grade (IG) credit spreads widened by 12 bps to 99bps, led by EU IG (9bps to 81bps) and US IG (14bps to 103bps). US corporate high yield spreads widened by 11bps to 354bps, whilst European high yield spreads widened by 34bps to 313bps. In corporate bond market news, new issuance was more subdued this quarter, although some deals did trickle through. One of which came from CVS Health Corp, who issued \$40 billion of investment-grade debt in nine tranches to fund its acquisition of Aetna Inc.

Volatility weakened the US dollar over the quarter. In turn, this lifted a basket of currencies such as the Mexican peso, South African rand and Icelandic krona. The Mexican peso rose as Mexico may be exempt from the recently announced US tariffs, whilst the rand strengthened after Jacob Zuma resigned as South African president. The Japanese yen, Norwegian krone and British pound also rose, with the pound strengthening due to positive developments on the Brexit front, upbeat economic data and a potential near-term interest rate hike. The weakest currencies were the Swedish krona, Canadian dollar and Israeli shekel. Sweden's currency tumbled to its weakest point against the euro since the end of the global financial crisis, with strategists increasingly concerned about the potential for a trade war and about the Riksbank's dovish stance.



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The Bloomberg Barclays Global Aggregate Bond Index declined -2.8% in unhedged US dollar terms in the second quarter of 2018. Geopolitics, a higher rates environment and trade tensions kept investors on edge. Meanwhile, the Fed raised rates and the BoE and ECB engendered a more hawkish stance despite keeping their monetary policies on hold. Over the period, the US dollar strengthened and oil prices increased.

In the US, the latest non-farm payrolls figure (223,000 May) added to an already robust labour market with the unemployment rate reaching an 18-year low at 3.8% YoY. Meanwhile, retail sales (5.9% YoY) came in stronger whilst inflation jumped to 2.8% YoY. This informed upon the Fed who predictably increased its interest rate to 2.0%. The "dot plots" now indicate four rate hikes for 2018 and three hikes for 2019. In political developments, Trump set an uncertain tone when he pulled out of the Iran nuclear deal, however he did eventually meet North Korean leader Kim Jong-un in Singapore. One of the main drivers of market volatility was Trump's decision to impose heavy tariffs on China – engendering fears of global trade wars. The benchmark 10-year Treasury yield increased 11 bps to 2.95%. Across the pond, concerns of a "no-deal" Brexit continued to escalate, with EU Brexit negotiator Michel Barnier stating that a "huge and serious divergence remain[ed]" in discussions. The BoE maintained its current monetary policy but with a reduced majority vote. In similar vein, the ECB kept interest rates unchanged but announced that QE will be halved to \$15 billion by September 2018 and then terminated all together by the end of the year. Furthermore, political issues in Italy and Spain as well as heated political debate over recent eurozone migration, unfolded over the period. Both the UK (-5 bps to 1.37%) and German (-17 bps to 0.34%) benchmark 10-year yields declined over the period.

In emerging market debt (EMD), the fear of trade wars and a stronger US dollar weighed heavily on performance. Local currency EMD declined 10.4%. Hard currency EMD fell 3.5% and corporate EMD lost 1.8%.

Market volatility led to the notable widening of credit spreads. Global investment-grade (IG) credit spreads widened by 16bps to 115, led by EU IG (+24bps to 105) and US IG (+13bps to 116). US corporate high yield spreads widened by 9bps to 363, whilst European high yield spreads widened by a stark 80bps to 393. In corporate bond market news, new issuance picked up this quarter with companies such as Bayer (\$15 billion) and Walmart (\$16 billion) bringing major deals to the markets.

The US dollar rose over the second quarter of 2018, weighing heavily on a basket of currencies. Notably, it weakened EM currencies that are vulnerable to a higher US rates environment. The Argentine peso, Turkish lira, Brazil real and South African rand all weakened considerably. The backdrop of poor economic conditions further led to the Argentine peso to plummet, prompting the Argentine central bank to raise interest rates to 40% to stem the fall.

### **Market Outlook and Strategy**

The 10-year US Treasury yield has always faced strong resistance at 3%. Our fair value estimate is 2.6%. This is based on our expected path for the Fed funds rate over the next few years, plus the term premium. It includes our expectation that the US will possibly experience a recession by 2020, which means the Fed likely will be lowering rates by then.

The break-even inflation rate, or the difference between the yield on the nominal and 10-year inflation-protected bond, has been close to 2.1% since the beginning of the year. This could reach 2.2-2.5% as inflation picks up. This means cycle forces are moderately negative for US Treasuries, but valuation is a constraint on how much further yields can rise.

German bunds, UK gilts and Japanese government bonds (JGB) are very expensive, based on our methodology. The cycle forces on JGBs and gilts are broadly neutral and unlikely to push yields higher. The BoJ remains committed to "yield curve control" and is targeting the 10-year JGB yield to remain below 0.1%. The UK economy is sagging under the weight of Brexit uncertainty, which likely will keep inflation and the BoE contained.

The cycle is moving against bunds as the ECB approaches tapering and inflation pressures build. This makes bunds our least preferred government bond exposure.

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The Fund may use or invest in financial derivatives. Where the Fund feeds into the underlying funds which use or invest in financial derivatives, there is a possibility that the Fund's NAV may be subject to volatility due to usage or investment in financial derivatives.

This document is for information only with no consideration given to the specific investment objective, financial situation and particular needs of any specific person. 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 unit trusts 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 funds may use or invest in financial derivative instruments. The value of units and income from them may fall or rise. Investments in the funds are subject to investment risks, including the possible loss of principal amount invested. You should read the relevant prospectus and product highlights sheet obtainable from appointed distributors of Nikko AM Asia or our website ([www.nikkoam.com.sg](http://www.nikkoam.com.sg)) before investing.

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The CPF interest rate for the Ordinary Account ("OA") is based on the 12-month fixed deposit and month-end savings rates of major local banks, subject to a minimum 2.5% interest per annum. The interest rate for Special, Medisave and Retirement Accounts ("SMRA") is pegged to the 12-month average yield of 10-year Singapore Government Securities yield plus 1%. A 4% floor rate will be maintained for interest earned on SMRA until 31 December 2018, after which a 2.5% minimum rate will apply. An extra 1% interest is paid on the first S\$60,000 of a member's combined balances, including up to S\$20,000 in the OA. The first S\$20,000 in the OA and the first S\$40,000 in the Special Account ("SA") cannot be invested under the CPF Investment Scheme ("CPFIS").

### **For Hong Kong Investors**

The fund is only offered to professional investors and is not authorized by the Securities and Futures Commission in Hong Kong. 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

## SOFT DOLLAR COMMISSIONS/ARRANGEMENTS

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### Appointment of soft dollar brokers

The Managers will only appoint soft dollar brokers onto their broker panel after they have ensured that:

- a) full disclosure of the practice of accepting soft dollars is made;
- b) the commission rates charged are comparable with the market rates;
- c) there is no conflict of interest;
- d) the soft dollar credits are used only for clearly defined services;
- e) at all times trades are executed through the respective brokers only on the basis of best execution regardless whether soft dollar benefits will accrue. Best execution shall include competitive prices with smooth execution ability; and
- f) relevant regulations and guidelines are complied with.

The procedures for the appointment of the brokers shall be no different from that of normal full service brokers.

### Execution and allocation

If the Trustee objects to the use of the soft dollar brokers, the trades of the Sub-Funds shall be segregated from the rest of the trades that are executed through the relevant soft dollar broker(s). The Managers will execute trades for such accounts only with authorised full service brokers.

The Managers are responsible for ensuring that the allocation quotas are adhered to. In addition, the Managers will monitor the execution ability of the soft dollar brokers and assign the business strictly on a "best execution" basis.

Subject to the provisions of the Code\*, in their management of the Sub-Funds, the Managers may receive soft dollar commissions from, or enter into soft dollar arrangements with, stockbrokers who execute trades on behalf of the Sub-Funds and the soft dollars received would be restricted to the following kinds of services:

- a) specific advice as to the advisability of dealing in, or of the value of any investments;
- b) research and advisory services;
- c) economic and political analysis;
- d) portfolio analysis including valuation and portfolio measurements;
- e) market analysis;
- f) data and quotation services;
- g) computer hardware or software that are used to support the investment decision making process, the giving of advice, or the conduct of research or analysis; and
- h) custodial services in relation to the investments managed for clients.

The following are, however, prohibited:

- a) travel, accommodation and entertainment expenses;
- b) general administrative goods and services including office equipment and premises;
- c) membership fees;
- d) employee salaries; and
- e) direct money payments / rebates.

The Managers will retain the records of the payments made using soft dollar commissions.

Russell Investments' underlying investment advisers may enter into transactions on a soft commission/commission sharing basis, where part of the commission earned by the executing broker is redirected to one or more third parties, as payment for research, brokerage or execution services, provided that the transactions are entered into on the principle of best execution and the benefits provided to the investment adviser will assist them in their provision of investment services to their clients. Furthermore, the selection of brokers by the investment advisers is governed by their obligations under applicable laws, rules and regulations governing advisory activities and agency principles.

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Russell Investments retains the right to request that the investment advisers participate in Russell Investments' soft commission and commission recapture programme through the use (and execution) of a portion of the fund's trading activity through various brokers. Russell Investments' Programme is administered by Recapture Services, a division of BNY ConvergeEx Execution Solutions LLC ("**BNY**"). Participation in Russell Investments' Programme is not mandatory and the appropriate participation percentage target is determined on an investment adviser by investment adviser basis, based upon asset class, investment mandate, trading habits, and tolerance for participation. Participation is always subject to an investment adviser's ability to obtain best execution.

As a result of this trading activity, BNY will set aside a portion of these commissions as "credits". Credits generated for soft commissions will be used by Russell Investments to purchase research that will aid Russell Investments in its investment decision-making process. Research used by Russell Investments will meet local regulations in terms of services that are eligible based on local regulatory guidance. All soft commission use is overseen by Russell Investments' soft commission committee which is made up of senior level investment personnel. The Committee, with the guidance of Russell Investments' investment strategy committee will establish an annual soft commission budget. Once this budget has been met all future commissions will be recaptured directly back to the funds from which the commissions were generated. Russell Investments does not receive any revenue (directly or indirectly from BNY or any broker) from the commission recapture component of the Programme.

The Sub-Managers do not receive or intend to receive any soft dollars in their management of the Nikko AM Global Dividend Equity Fund.

Please note that with effect from 25 January 2018, the Managers have ceased to receive soft dollar commissions, or enter into soft dollar arrangements, in their management of the Sub-Funds.

\* The "**Code**" means the Code on Collective Investment Schemes issued by the Authority pursuant to the Securities and Futures Act, as may be amended, modified, or supplemented from time to time by the Authority.

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENTS OF TOTAL RETURN**

*For the financial period from 01 January 2018 to 30 June 2018 (unaudited)*

	Nikko AM Global Dividend Equity Fund		Horizon Global Bond Fund (S\$ Hedged)	
	30 June 2018 US\$	30 June 2017 US\$	30 June 2018 S\$	30 June 2017 S\$
<b>Income</b>				
Dividends	2,018,309	2,045,176	-	-
Interest	4,562	929	3,050	400
Other Income	-	3,683	-	-
	<b>2,022,871</b>	<b>2,049,788</b>	<b>3,050</b>	<b>400</b>
<b>Less: Expenses</b>				
Management fee	604,050	589,428	157,706	162,770
Management fee rebate	-	-	(79,039)	(81,574)
Registrar fee	16,815	15,609	8,970	8,773
Trustee fee	13,340	13,273	4,184	4,330
Custody fee	10,167	9,866	-	-
Audit fee	5,385	4,825	1,405	1,073
Valuation fee	20,103	19,969	6,309	6,511
Transaction costs	46,139	61,372	5,600	4,350
Other expenses	36,586	34,683	12,840	5,767
	<b>752,585</b>	<b>749,025</b>	<b>117,975</b>	<b>112,000</b>
<b>Net income/(losses)</b>	<b>1,270,286</b>	<b>1,300,763</b>	<b>(114,925)</b>	<b>(111,600)</b>
<b>Net gains or losses on value of investments and financial derivatives</b>				
Net (losses)/gains on investments	(2,876,328)	6,697,324	160,562	86,519
Net foreign exchange (losses)/gains	(20,911)	11,635	34,363	(24,641)
Net (losses)/gains on financial derivatives	(1,818,594)	3,683,682	(276,572)	471,422
	<b>(4,715,833)</b>	<b>10,392,641</b>	<b>(81,647)</b>	<b>533,300</b>
<b>Total (deficit)/return for the financial period before income tax</b>	<b>(3,445,547)</b>	<b>11,693,404</b>	<b>(196,572)</b>	<b>421,700</b>
<b>Less: Income tax</b>	<b>(383,305)</b>	<b>(372,865)</b>	<b>-</b>	<b>-</b>
<b>Total (deficit)/return for the financial period after income tax</b>	<b>(3,828,852)</b>	<b>11,320,539</b>	<b>(196,572)</b>	<b>421,700</b>

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENTS OF TOTAL RETURN**

*For the financial period from 01 January 2018 to 30 June 2018 (unaudited)*

	Singapore Dividend Equity Fund		Horizon Singapore Fixed Income Enhanced Fund	
	30 June 2018 S\$	30 June 2017 S\$	30 June 2018 S\$	30 June 2017 S\$
<b>Income</b>				
Dividends	3,228,603	2,474,456	-	-
Interest	9,726	745	-	-
	<b>3,238,329</b>	<b>2,475,201</b>	<b>-</b>	<b>-</b>
<b>Less: Expenses</b>				
Management fee	975,669	879,136	131,261	119,528
Management fee rebate	(403)	(119)	-	-
Registrar fee	55,127	54,345	8,479	8,386
Trustee fee	25,892	23,410	4,351	3,975
Custody fee	22,383	20,278	3,210	2,957
Audit fee	11,115	10,353	1,929	1,456
Valuation fee	38,967	37,601	6,562	5,980
Transaction costs	192,763	142,456	2,892	2,945
Other expenses	103,027	46,571	12,904	8,305
	<b>1,424,540</b>	<b>1,214,031</b>	<b>171,588</b>	<b>153,532</b>
<b>Net income/(losses)</b>	<b>1,813,789</b>	<b>1,261,170</b>	<b>(171,588)</b>	<b>(153,532)</b>
<b>Net gains or losses on value of investments and financial derivatives</b>				
Net (losses)/gains on investments	(9,385,333)	15,581,090	(361,716)	970,324
Net foreign exchange gains/(losses)	65,574	(77,396)	-	(1)
Net gains on financial derivatives	1,827	-	-	-
	<b>(9,317,932)</b>	<b>15,503,694</b>	<b>(361,716)</b>	<b>970,323</b>
<b>Total (deficit)/return for the financial period before income tax</b>	<b>(7,504,143)</b>	<b>16,764,864</b>	<b>(533,304)</b>	<b>816,791</b>
<b>Less: Income tax</b>	<b>(67,909)</b>	<b>(53,948)</b>	<b>-</b>	<b>-</b>
<b>Total (deficit)/return for the financial period after income tax</b>	<b>(7,572,052)</b>	<b>16,710,916</b>	<b>(533,304)</b>	<b>816,791</b>

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
(Constituted under a Trust Deed registered in the Republic of Singapore)

**STATEMENTS OF FINANCIAL POSITION**

As at 30 June 2018 (unaudited)

	Nikko AM Global Dividend Equity Fund		Horizon Global Bond Fund (S\$ Hedged)	
	30 June 2018 US\$	31 December 2017 US\$	30 June 2018 S\$	31 December 2017 S\$
<b>ASSETS</b>				
Portfolio of investments	76,157,064	80,598,159	23,684,476	25,001,997
Sales awaiting settlement	-	-	-	3,502
Receivables	358,931	158,987	-	-
Cash and bank balances	1,770,382	1,337,436	936,880	1,089,721
Financial derivatives at fair value	-	751,369	36,603	235,851
<b>Total assets</b>	<b>78,286,377</b>	<b>82,845,951</b>	<b>24,657,959</b>	<b>26,331,071</b>
<b>LIABILITIES</b>				
Payables	568,149	464,350	69,050	74,953
Purchases awaiting settlement	-	-	-	223,915
Distribution payable	33,559	33,896	-	-
Financial derivatives at fair value	1,698,550	-	274,381	64,632
<b>Total liabilities</b>	<b>2,300,258</b>	<b>498,246</b>	<b>343,431</b>	<b>363,500</b>
<b>EQUITY</b>				
Net assets attributable to unitholders	75,986,119	82,347,705	24,314,528	25,967,571
	Singapore Dividend Equity Fund		Horizon Singapore Fixed Income Enhanced Fund	
	30 June 2018 S\$	31 December 2017 S\$	30 June 2018 S\$	31 December 2017 S\$
<b>ASSETS</b>				
Portfolio of investments	152,332,962	144,235,878	24,324,768	23,688,531
Sales awaiting settlement	3,549	-	-	-
Receivables	1,860,821	534,284	12,405	19,392
Cash and bank balances	10,440,947	3,143,691	1,138,765	990,856
<b>Total assets</b>	<b>164,638,279</b>	<b>147,913,853</b>	<b>25,475,938</b>	<b>24,698,779</b>
<b>LIABILITIES</b>				
Payables	1,046,587	1,302,402	94,169	93,425
Purchases awaiting settlement	1,169,249	-	461,860	520,637
Distribution payable	692,158	610,025	-	-
<b>Total liabilities</b>	<b>2,907,994</b>	<b>1,912,427</b>	<b>556,029</b>	<b>614,062</b>
<b>EQUITY</b>				
Net assets attributable to unitholders	161,730,285	146,001,426	24,919,909	24,084,717

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENTS OF MOVEMENTS OF UNITHOLDERS' FUNDS**  
*For the financial period from 01 January 2018 to 30 June 2018 (unaudited)*

	Nikko AM Global Dividend Equity Fund		Horizon Global Bond Fund (S\$ Hedged)	
	30 June 2018 US\$	31 December 2017 US\$	30 June 2018 S\$	31 December 2017 S\$
<b>Net assets attributable to unitholders at the beginning of the financial period/year</b>	<b>82,347,705</b>	77,487,323	<b>25,967,571</b>	26,113,545
<b>Operations</b>				
Change in net assets attributable to unitholders resulting from operations	<b>(3,828,852)</b>	18,755,209	<b>(196,572)</b>	645,287
<b>Unitholders' contributions/ (withdrawals)</b>				
Creation of units	<b>4,113,526</b>	3,940,306	<b>1,319,523</b>	2,888,187
Cancellation of units	<b>(6,439,079)</b>	(17,376,536)	<b>(2,775,994)</b>	(3,679,448)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	<b>(2,325,553)</b>	(13,436,230)	<b>(1,456,471)</b>	(791,261)
Distributions	<b>(207,181)</b>	(458,597)	-	-
Total increase/(decrease) in net assets attributable to unitholders	<b>(6,361,586)</b>	4,860,382	<b>(1,653,043)</b>	(145,974)
<b>Net assets attributable to unitholders at the end of the financial period/year</b>	<b>75,986,119</b>	82,347,705	<b>24,314,528</b>	25,967,571



**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENTS OF MOVEMENTS OF UNITHOLDERS' FUNDS**  
*For the financial period from 01 January 2018 to 30 June 2018 (unaudited)*

	Singapore Dividend Equity Fund		Horizon Singapore Fixed Income Enhanced Fund	
	30 June 2018 S\$	31 December 2017 S\$	30 June 2018 S\$	31 December 2017 S\$
<b>Net assets attributable to unitholders at the beginning of the financial period/year</b>	<b>146,001,426</b>	135,106,557	<b>24,084,717</b>	24,096,998
<b>Operations</b>				
Change in net assets attributable to unitholders resulting from operations	<b>(7,572,052)</b>	31,104,492	<b>(533,304)</b>	1,070,221
<b>Unitholders' contributions/ (withdrawals)</b>				
Creation of units	<b>45,538,279</b>	45,606,498	<b>4,652,161</b>	1,544,819
Cancellation of units	<b>(18,221,127)</b>	(58,588,151)	<b>(3,283,665)</b>	(2,627,321)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	<b>27,317,152</b>	(12,981,653)	<b>1,368,496</b>	(1,082,502)
Distributions	<b>(4,016,241)</b>	(7,227,970)	-	-
Total increase/(decrease) in net assets attributable to unitholders	<b>15,728,859</b>	10,894,869	<b>835,192</b>	(12,281)
<b>Net assets attributable to unitholders at the end of the financial period/year</b>	<b>161,730,285</b>	146,001,426	<b>24,919,909</b>	24,084,717

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENT OF PORTFOLIO**

*As at 30 June 2018 (unaudited)*

**Nikko AM Global Dividend Equity Fund**

**By Geography (Primary)**

	Holdings at 30 June 2018	Fair value at 30 June 2018 US\$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
<b>Quoted Equities</b>			
<b>AUSTRALIA</b>			
Ancor Limited	108,839	1,158,810	1.53
Macquarie Group Limited	36,697	3,352,650	4.41
<b>Total AUSTRALIA</b>		<b>4,511,460</b>	<b>5.94</b>
<b>BRITAIN</b>			
Astrazeneca Public Listed Company	27,140	1,882,212	2.48
BAE Systems Public Listed Company	312,246	2,672,952	3.52
British American Tobacco Public Listed Company	22,348	1,127,457	1.47
Johnson Matthey Public Listed Company	44,930	2,146,724	2.83
Prudential Public Listed Company	121,987	2,793,438	3.68
Unilever Public Listed Company	55,012	3,044,598	4.01
<b>Total BRITAIN</b>		<b>13,667,381</b>	<b>17.99</b>
<b>CANADA</b>			
Toronto-Dominion Bank	40,308	2,331,554	3.07
<b>Total CANADA</b>		<b>2,331,554</b>	<b>3.07</b>
<b>DENMARK</b>			
Tryg	60,664	1,421,185	1.87
<b>Total DENMARK</b>		<b>1,421,185</b>	<b>1.87</b>
<b>FINLAND</b>			
Fortum OYJ	33,921	812,288	1.07
<b>Total FINLAND</b>		<b>812,288</b>	<b>1.07</b>
<b>FRANCE</b>			
Schneider Electric SE	14,101	1,175,832	1.55
<b>Total FRANCE</b>		<b>1,175,832</b>	<b>1.55</b>
<b>GERMANY</b>			
BASF SE	9,369	897,965	1.18
Deutsche Telekom AG	64,559	1,000,238	1.32
Siemens AG	21,506	2,844,888	3.74
<b>Total GERMANY</b>		<b>4,743,091</b>	<b>6.24</b>
<b>JAPAN</b>			
Amada Holdings Company Limited	133,600	1,284,557	1.69
Daiwa House Industry Company Limited	44,400	1,513,604	1.99
Tokyo Electron Limited	5,900	1,013,118	1.34
<b>Total JAPAN</b>		<b>3,811,279</b>	<b>5.02</b>

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
(Constituted under a Trust Deed registered in the Republic of Singapore)

**STATEMENT OF PORTFOLIO**

As at 30 June 2018 (unaudited)

**Nikko AM Global Dividend Equity Fund**

By Geography (Primary) (continued)

	Holdings at 30 June 2018	Fair value at 30 June 2018 US\$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
<b>Quoted Equities (continued)</b>			
<b>NETHERLANDS</b>			
ING Groep NV	113,324	1,631,136	2.15
Koninklijke Philips NV	32,917	1,399,895	1.84
<b>Total NETHERLANDS</b>		<b>3,031,031</b>	<b>3.99</b>
<b>NORWAY</b>			
Marine Harvest ASA	81,449	1,620,905	2.13
<b>Total NORWAY</b>		<b>1,620,905</b>	<b>2.13</b>
<b>SINGAPORE</b>			
DBS Group Holdings Limited	51,800	1,010,929	1.33
<b>Total SINGAPORE</b>		<b>1,010,929</b>	<b>1.33</b>
<b>SPAIN</b>			
Bankinter SA	209,092	2,036,495	2.68
<b>Total SPAIN</b>		<b>2,036,495</b>	<b>2.68</b>
<b>SWEDEN</b>			
Nordea Bank AB	121,789	1,174,054	1.54
Swedbank AB	46,633	1,000,321	1.32
<b>Total SWEDEN</b>		<b>2,174,375</b>	<b>2.86</b>
<b>SWITZERLAND</b>			
Roche Holding AG	7,061	1,568,318	2.06
<b>Total SWITZERLAND</b>		<b>1,568,318</b>	<b>2.06</b>
<b>TAIWAN</b>			
CTBC Financial Holding Company Limited	1,744,000	1,255,582	1.65
Taiwan Semiconductor Manufacturing Company Limited	194,000	1,377,601	1.81
<b>Total TAIWAN</b>		<b>2,633,183</b>	<b>3.46</b>
<b>UNITED STATES OF AMERICA</b>			
AbbVie Incorporated	23,548	2,182,664	2.87
AT&T Incorporated	49,139	1,577,853	2.07
Cedar Fair LP	38,135	2,400,598	3.16
Chevron Corporation	20,237	2,558,564	3.37
Cisco Systems Incorporated	55,981	2,408,862	3.17
Coca-Cola Company	69,561	3,050,945	4.02
Microsoft Corporation	15,539	1,532,301	2.02
Occidental Petroleum Corporation	20,800	1,740,544	2.29

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENT OF PORTFOLIO**

*As at 30 June 2018 (unaudited)*

**Nikko AM Global Dividend Equity Fund**

**By Geography (Primary)** (continued)

	Holdings at 30 June 2018	Fair value at 30 June 2018 US\$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
<b>Quoted Equities</b> (continued)			
<b>UNITED STATES OF AMERICA</b> (continued)			
Pfizer Incorporated	72,876	2,644,670	3.48
Philip Morris International Incorporated	31,558	2,547,993	3.35
Six Flags Entertainment Corporation	33,285	2,331,614	3.07
<b>Total UNITED STATES OF AMERICA</b>		<u>24,976,608</u>	<u>32.87</u>
<b>Total Quoted Equities</b>		<u>71,525,914</u>	<u>94.13</u>
<b>Quoted Real Estate Investment Trusts</b>			
<b>SPAIN</b>			
Merlin Properties Socimi SA	151,722	2,206,317	2.90
<b>Total SPAIN</b>		<u>2,206,317</u>	<u>2.90</u>
<b>UNITED STATES OF AMERICA</b>			
Digital Realty Trust Incorporated	21,724	2,424,833	3.19
<b>Total UNITED STATES OF AMERICA</b>		<u>2,424,833</u>	<u>3.19</u>
<b>Total Quoted Real Estate Investment Trusts</b>		<u>4,631,150</u>	<u>6.09</u>
<b>Portfolio of investments</b>		76,157,064	100.22
<b>Other net assets</b>		(170,945)	(0.22)
<b>Net assets attributable to unitholders</b>		<u>75,986,119</u>	<u>100.00</u>

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENT OF PORTFOLIO**

*As at 30 June 2018 (unaudited)*

**Nikko AM Global Dividend Equity Fund**

**By Geography (Summary)**

	<b>Percentage of total net assets attributable to unitholders at 30 June 2018 %</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2017 %</b>
<b>Quoted Equities</b>		
Australia	<b>5.94</b>	5.07
Britain	<b>17.99</b>	14.66
Canada	<b>3.07</b>	5.32
Denmark	<b>1.87</b>	-
Finland	<b>1.07</b>	-
France	<b>1.55</b>	-
Germany	<b>6.24</b>	7.68
Japan	<b>5.02</b>	7.27
Netherlands	<b>3.99</b>	4.90
Norway	<b>2.13</b>	1.68
Singapore	<b>1.33</b>	-
Spain	<b>2.68</b>	2.86
Sweden	<b>2.86</b>	5.13
Switzerland	<b>2.06</b>	2.71
Taiwan	<b>3.46</b>	4.26
United States of America	<b>32.87</b>	30.82
<b>Total Quoted Equities</b>	<b>94.13</b>	92.36
<b>Quoted Real Estate Investment Trusts</b>		
Spain	<b>2.90</b>	2.50
United States of America	<b>3.19</b>	3.01
<b>Total Quoted Real Estate Investment Trusts</b>	<b>6.09</b>	5.51
<b>Quoted Derivatives</b>		
United States of America	-	0.01
<b>Total Quoted Derivatives</b>	-	0.01
<b>Portfolio of investments</b>	<b>100.22</b>	97.88
<b>Other net assets</b>	<b>(0.22)</b>	2.12
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	100.00

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENT OF PORTFOLIO**

*As at 30 June 2018 (unaudited)*

**Nikko AM Global Dividend Equity Fund**

**By Industry (Secondary)**

	Fair value at 30 June 2018 US\$	Percentage of total net assets attributable to unitholders at 30 June 2018 %	Percentage of total net assets attributable to unitholders at 31 December 2017 %
Aerospace/Defense	2,672,952	3.52	2.94
Agriculture	3,675,450	4.84	5.14
Auto Parts & Equipment	-	-	2.56
Banks	12,537,139	16.50	16.87
Beverages	3,050,945	4.02	2.72
Chemicals	3,044,689	4.01	4.06
Cosmetics/Personal Care	3,044,598	4.01	-
Diversified Financial Services	1,255,582	1.65	2.44
Electric	812,288	1.07	-
Electrical Component & Equipment	1,175,832	1.55	-
Electronics	1,399,895	1.84	2.37
Entertainment	4,732,212	6.23	5.70
Food	1,620,905	2.13	1.69
Home Builders	1,513,604	1.99	2.50
Insurance	4,214,623	5.55	3.82
Machinery-Diversified	1,284,557	1.69	2.21
Miscellaneous Manufacture	2,844,888	3.74	3.97
Oil and Gas	4,299,108	5.66	4.94
Packaging & Containers	1,158,810	1.52	1.60
Pharmaceuticals	8,277,864	10.89	10.97
Pipelines	-	-	2.44
Real Estate Investment Trusts (REITS)	4,631,150	6.09	5.51
Semiconductors	2,390,719	3.15	1.82
Software	1,532,301	2.01	5.84
Telecommunications	4,986,953	6.56	5.77
<b>Portfolio of investments</b>	<b>76,157,064</b>	<b>100.22</b>	<b>97.88</b>
<b>Other net assets</b>	<b>(170,945)</b>	<b>(0.22)</b>	<b>2.12</b>
<b>Net assets attributable to unitholders</b>	<b>75,986,119</b>	<b>100.00</b>	<b>100.00</b>

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENT OF PORTFOLIO**

*As at 30 June 2018 (unaudited)*

**Horizon Global Bond Fund (S\$ Hedged)**

**By Geography (Primary)**

	Holdings at 30 June 2018	Fair value at 30 June 2018 S\$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
<b>Quoted Investment Fund</b>			
<b>IRELAND</b>			
Russell Investment Company PLC - Russell Global Bond Fund (Class A)	59,156	23,684,476	97.41
<b>Total IRELAND</b>		<b>23,684,476</b>	<b>97.41</b>
<b>Total Quoted Investment Fund</b>		<b>23,684,476</b>	<b>97.41</b>
<b>Portfolio of investments</b>		<b>23,684,476</b>	<b>97.41</b>
<b>Other net assets</b>		<b>630,052</b>	<b>2.59</b>
<b>Net assets attributable to unitholders</b>		<b>24,314,528</b>	<b>100.00</b>

**By Geography (Summary)**

	Percentage of total net assets attributable to unitholders at 30 June 2018 %	Percentage of total net assets attributable to unitholders at 31 December 2017 %
<b>Quoted Investment Fund</b>		
Ireland	97.41	96.28
<b>Total Quoted Investment Fund</b>	<b>97.41</b>	<b>96.28</b>
<b>Portfolio of investments</b>	<b>97.41</b>	<b>96.28</b>
<b>Other net assets</b>	<b>2.59</b>	<b>3.72</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

As the sub-fund is invested wholly as a feeder-fund into an underlying investment fund, it is not meaningful to classify the investments into industry, country or asset classes.

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
(Constituted under a Trust Deed registered in the Republic of Singapore)

**STATEMENT OF PORTFOLIO**

As at 30 June 2018 (unaudited)

**Singapore Dividend Equity Fund**

**By Geography (Primary)**

	Holdings at 30 June 2018	Fair value at 30 June 2018 S\$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
<b>Quoted Equities</b>			
<b>BERMUDA ISLANDS</b>			
Hongkong Land Holdings Limited	355,700	3,467,717	2.15
Valuetronics Holdings Limited	2,144,410	1,426,033	0.88
<b>Total BERMUDA ISLANDS</b>		<b>4,893,750</b>	<b>3.03</b>
<b>ISLE OF MAN</b>			
Genting Singapore Limited	3,041,400	3,710,508	2.29
<b>Total ISLE OF MAN</b>		<b>3,710,508</b>	<b>2.29</b>
<b>SINGAPORE</b>			
Banyan Tree Holdings Limited	1,934,500	1,025,285	0.63
Bukit Sembawang Estates Limited	305,800	1,767,524	1.09
Bumitama Agri Limited	1,433,200	888,584	0.55
Capitaland Limited	285,700	902,812	0.56
City Developments Limited	106,600	1,165,138	0.72
CSE Global Limited	2,861,200	1,230,316	0.76
DBS Group Holdings Limited	542,100	14,425,281	8.92
Frasers Property Limited	411,300	678,645	0.42
Geo Energy Resources Limited	3,032,500	651,988	0.40
Health Management International Limited	3,417,145	2,033,201	1.26
Hong Leong Finance Limited	311,200	824,680	0.51
Hyphens Pharma International Limited	5,000,400	1,100,088	0.68
Japfa Limited	2,310,200	1,466,977	0.92
Jumbo Group Limited	4,094,900	2,190,772	1.35
Keppel Corporation Limited	1,305,300	9,332,895	5.77
Keppel Telecommunications & Transportation Limited	967,400	1,412,404	0.87
Oversea-Chinese Banking Corporation Limited	1,261,500	14,683,860	9.08
Propnex Limited	1,779,800	1,156,870	0.72
RE&S Holdings Limited	1,166,200	198,254	0.13
SATS Limited	883,200	4,416,000	2.73
Sembcorp Industries Limited	766,300	2,107,325	1.30
Sheng Siong Group Limited	1,576,600	1,671,195	1.03
SIA Engineering Company Limited	491,600	1,543,624	0.95
Singapore Airlines Limited	570,300	6,096,507	3.77
Singapore Exchange Limited	212,500	1,523,625	0.94
Singapore Technologies Engineering Limited	847,900	2,789,591	1.72
Singapore Telecommunications Limited	1,576,800	4,856,544	3.00
United Overseas Bank Limited	538,200	14,402,232	8.91



**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
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**STATEMENT OF PORTFOLIO**

As at 30 June 2018 (unaudited)

Singapore Dividend Equity Fund			
By Geography (Primary) (continued)	Holdings at 30 June 2018	Fair value at 30 June 2018 S\$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
<b>Quoted Equities (continued)</b>			
<b>SINGAPORE (continued)</b>			
UOL Group Limited	204,900	1,561,338	0.97
Venture Corporation Limited	263,200	4,695,488	2.90
Wheelock Properties Singapore Limited	426,600	695,358	0.43
Wilmar International Limited	580,300	1,775,718	1.10
Wing Tai Holdings Limited	1,006,200	2,002,338	1.24
Yangzijiang Shipbuilding Holdings Limited	4,194,200	3,795,751	2.35
<b>Total SINGAPORE</b>		<b>111,068,208</b>	<b>68.68</b>
<b>THAILAND</b>			
Thai Beverage Public Company Limited	6,209,100	4,470,552	2.76
<b>Total THAILAND</b>		<b>4,470,552</b>	<b>2.76</b>
<b>Total Quoted Equities</b>		<b>124,143,018</b>	<b>76.76</b>
<b>Quoted Investment Fund</b>			
<b>SINGAPORE</b>			
Keppel Infrastructure Trust	4,052,600	2,107,352	1.30
Netlink NBN Trust	3,626,700	2,683,758	1.66
<b>Total SINGAPORE</b>		<b>4,791,110</b>	<b>2.96</b>
<b>Total Quoted Investment Fund</b>		<b>4,791,110</b>	<b>2.96</b>
<b>Quoted Real Estate Investment Trusts</b>			
<b>HONG KONG SAR</b>			
Champion REIT	2,674,000	2,421,227	1.50
Link REIT	214,000	2,664,810	1.65
<b>Total HONG KONG SAR</b>		<b>5,086,037</b>	<b>3.15</b>
<b>SINGAPORE</b>			
Cache Logistics Trust	969,252	746,324	0.46
CDL Hospitality Trusts	1,355,800	2,128,606	1.32
Far East Hospitality Trust	4,648,100	2,951,544	1.82
Frasers Logistics & Industrial Trust	2,622,840	2,753,982	1.70
Keppel DC REIT	2,724,122	3,704,806	2.29
Keppel-KBS US REIT	884,200	1,060,931	0.66
Mapletree Logistics Trust	2,909,200	3,578,316	2.21
Parkway Life Real Estate Investment Trust	510,400	1,388,288	0.86
<b>Total SINGAPORE</b>		<b>18,312,797</b>	<b>11.32</b>
<b>Total Quoted Real Estate Investment Trusts</b>		<b>23,398,834</b>	<b>14.47</b>
<b>Portfolio of investments</b>		<b>152,332,962</b>	<b>94.19</b>
<b>Other net assets</b>		<b>9,397,323</b>	<b>5.81</b>
<b>Net assets attributable to unitholders</b>		<b>161,730,285</b>	<b>100.00</b>

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENT OF PORTFOLIO**

*As at 30 June 2018 (unaudited)*

	<b>Singapore Dividend Equity Fund</b>	
<b>By Geography (Summary)</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2018 %</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2017 %</b>
<b>Quoted Equities</b>		
Bermuda Islands	3.03	5.01
Isle of Man	2.29	1.10
Singapore	68.68	66.69
Thailand	2.76	2.87
<b>Total Quoted Equities</b>	<b>76.76</b>	<b>75.67</b>
<b>Quoted Investment Fund</b>		
Singapore	2.96	3.67
<b>Total Quoted Investment Fund</b>	<b>2.96</b>	<b>3.67</b>
<b>Quoted Real Estate Investment Trusts</b>		
Hong Kong SAR	3.15	3.61
Singapore	11.32	15.84
<b>Total Quoted Real Estate Investment Trusts</b>	<b>14.47</b>	<b>19.45</b>
<b>Portfolio of investments</b>	<b>94.19</b>	<b>98.79</b>
<b>Other net assets</b>	<b>5.81</b>	<b>1.21</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENT OF PORTFOLIO**

*As at 30 June 2018 (unaudited)*

**Singapore Dividend Equity Fund**

**By Industry (Secondary)**

	Fair value at 30 June 2018 S\$	Percentage of total net assets attributable to unitholders at 30 June 2018 %	Percentage of total net assets attributable to unitholders at 31 December 2017 %
Agriculture	2,355,561	1.46	1.65
Airlines	6,096,507	3.77	-
Banks	43,511,373	26.90	31.10
Beverages	4,470,552	2.76	2.87
Coal	651,988	0.40	-
Commercial Services	1,543,624	0.95	-
Computers	1,230,316	0.76	-
Diversified Financial Services	2,348,305	1.45	0.98
Electric	2,107,325	1.30	-
Electronics	6,121,521	3.79	6.13
Engineering and Construction	7,205,591	4.46	5.04
Entertainment	3,710,508	2.29	1.10
Food	1,775,718	1.10	1.02
Food Service	198,254	0.13	0.21
Gas	2,107,352	1.30	1.60
Healthcare-Services	2,033,201	1.26	1.54
Holding Companies-Diversified	9,332,895	5.77	6.46
Lodging	2,190,423	1.35	0.91
Pharmaceuticals	1,100,088	0.68	-
Real Estate	12,232,602	7.56	11.61
Real Estate Investment Trusts (REITS)	23,398,834	14.47	19.45
Retail	3,861,967	2.39	0.13
Shipbuilding	3,795,751	2.35	-
Telecommunications	7,540,302	4.66	5.93
Transportation	1,412,404	0.88	1.04
<b>Portfolio of investments</b>	<b>152,332,962</b>	<b>94.19</b>	<b>98.79</b>
<b>Other net assets</b>	<b>9,397,323</b>	<b>5.81</b>	<b>1.21</b>
<b>Net assets attributable to unitholders</b>	<b>161,730,285</b>	<b>100.00</b>	<b>100.00</b>

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
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**STATEMENT OF PORTFOLIO**

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Horizon Singapore Fixed Income Enhanced Fund			
By Geography (Primary)	Holdings at 30 June 2018	Fair value at 30 June 2018 S\$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
<b>Quoted Fixed Income Securities</b>			
<b>BRITISH VIRGIN ISLANDS</b>			
Huarong Finance 2017 Company Limited 3.2% due 27/04/2021	750,000	741,375.00	2.98
Huarong Finance 2017 Company Limited 3.8% due 07/11/2025	500,000	485,625.00	1.94
<b>Total BRITISH VIRGIN ISLANDS</b>		<b>1,227,000</b>	<b>4.92</b>
<b>CANADA</b>			
Manulife Financial Corporation 3.85% due 25/05/2026	750,000	765,615	3.07
<b>Total CANADA</b>		<b>765,615</b>	<b>3.07</b>
<b>CHINA</b>			
China Construction Bank Corporation/Singapore 2.08% due 26/10/2020	750,000	744,750	2.99
<b>Total CHINA</b>		<b>744,750</b>	<b>2.99</b>
<b>FRANCE</b>			
BNP Paribas SA 3.65% due 09/09/2024	500,000	511,990	2.06
<b>Total FRANCE</b>		<b>511,990</b>	<b>2.06</b>
<b>MALAYSIA</b>			
Danga Capital Berhad 3.725% due 11/08/2020	750,000	763,379	3.06
<b>Total MALAYSIA</b>		<b>763,379</b>	<b>3.06</b>
<b>SINGAPORE</b>			
Ascendas Real Estate Investment Trust 3.14% due 02/03/2025	250,000	247,587	0.99
Breadtalk Group Limited 4% due 17/01/2023	1,000,000	999,180	4.01
CCT MTN Private Limited 2.96% due 13/08/2021	500,000	500,701	2.01
CCT MTN Private Limited 3.17% due 05/03/2024	500,000	500,106	2.01
DBS Group Holdings Limited 4.7% due 29/12/2049	500,000	510,875	2.05
Keppel Corporation Limited 3.1% due 12/10/2020	250,000	251,500	1.01
Mapletree Commercial Trust Treasury Company Private Limited 2.795% due 15/11/2023	250,000	244,898	0.98
Mapletree Treasury Services Limited 2.92% due 21/01/2019	250,000	250,829	1.01
Mercatus Co-Operative Limited 2.8% due 26/07/2024	250,000	244,768	0.98
Mercatus Co-Operative Limited 3.1% due 19/01/2028	500,000	481,647	1.93
Prime Asset Holdings Limited 2.9% due 24/10/2024	250,000	244,562	0.98
RCS Trust 3.2% due 14/03/2025	750,000	748,837	3.00
Singapore Airlines Limited 3.13% due 23/08/2027	500,000	492,604	1.98
Singapore Government Bond 1.25% due 01/10/2021	500,000	486,800	1.95
Singapore Government Bond 1.625% due 01/10/2019	250,000	249,475	1.00
Singapore Government Bond 2.125% due 01/06/2026	600,000	586,440	2.35
Singapore Government Bond 2.25% due 01/06/2021	1,250,000	1,256,250	5.04
Singapore Government Bond 2.25% due 01/08/2036	500,000	462,250	1.86
Singapore Government Bond 2.625% due 01/05/2028	400,000	403,400	1.62

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
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Horizon Singapore Fixed Income Enhanced Fund			
By Geography (Primary) (continued)	Holdings at 30 June 2018	Fair value at 30 June 2018 S\$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
<b>Quoted Fixed Income Securities (continued)</b>			
<b>SINGAPORE (continued)</b>			
Singapore Government Bond 2.75% due 01/03/2046	1,450,000	1,418,100	5.69
Singapore Government Bond 2.875% due 01/07/2029	800,000	824,000	3.31
Singapore Government Bond 2.875% due 01/09/2030	1,250,000	1,281,250	5.14
Singapore Government Bond 3% due 01/09/2024	500,000	518,500	2.08
Singapore Government Bond 3.125% due 01/09/2022	500,000	519,500	2.08
Singapore Government Bond 3.25% due 01/09/2020	400,000	410,800	1.65
Singapore Government Bond 3.375% due 01/09/2033	1,000,000	1,076,500	4.32
Singapore Government Bond 3.5% due 01/03/2027	350,000	378,175	1.52
Starhill Global REIT MTN Private Limited 3.4% due 26/05/2023	250,000	251,727	1.01
Starhub Limited 3.95% due 31/12/2049	250,000	246,387	1.00
Suntec REIT MTN Private Limited 2.85% due 02/08/2023	500,000	488,864	1.96
United Overseas Bank Limited 3.5% due 27/02/2029	750,000	760,192	3.05
<b>Total SINGAPORE</b>		<b>18,367,804</b>	<b>73.71</b>
<b>SOUTH KOREA</b>			
Export-Import Bank of Korea 2.318% due 27/09/2022	500,000	499,375	2.00
<b>Total SOUTH KOREA</b>		<b>499,375</b>	<b>2.00</b>
<b>SWITZERLAND</b>			
Julius Baer Group Limited 5.9% due 29/12/2049	250,000	257,500	1.03
<b>Total SWITZERLAND</b>		<b>257,500</b>	<b>1.03</b>
<b>UNITED STATES OF AMERICA</b>			
Ford Motor Credit Company LLC 3.7% due 11/03/2019	1,000,000	990,635	3.98
<b>Total UNITED STATES OF AMERICA</b>		<b>990,635</b>	<b>3.98</b>
<b>Accrued Interest receivable on Quoted Fixed Income Securities</b>		<b>196,720</b>	<b>0.79</b>
<b>Total Quoted Fixed Income Securities</b>		<b>24,324,768</b>	<b>97.61</b>
<b>Portfolio of investments</b>		<b>24,324,768</b>	<b>97.61</b>
<b>Other net assets</b>		<b>595,141</b>	<b>2.39</b>
<b>Net assets attributable to unitholders</b>		<b>24,919,909</b>	<b>100.00</b>

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
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**STATEMENT OF PORTFOLIO**

As at 30 June 2018 (unaudited)

		<b>Horizon Singapore Fixed Income Enhanced Fund</b>	
<b>By Geography (Summary)</b>		<b>Percentage of total net assets attributable to unitholders at 30 June 2018</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2017</b>
		%	%
<b>Quoted Fixed Income Securities</b>			
British Virgin Islands		4.92	3.13
Canada		3.07	3.25
China		2.99	3.11
France		2.06	-
Malaysia		3.06	3.21
Singapore		73.71	81.85
South Korea		2.00	2.08
Switzerland		1.03	1.09
United State of America		3.98	-
Accrued interest receivable on quoted fixed income securities		0.79	0.64
<b>Total Quoted Fixed Income Securities</b>		<b>97.61</b>	<b>98.36</b>
<b>Portfolio of investments</b>		<b>97.61</b>	<b>98.36</b>
<b>Other net assets</b>		<b>2.39</b>	<b>1.64</b>
<b>Net assets attributable to unitholders</b>		<b>100.00</b>	<b>100.00</b>

**Horizon Singapore Fixed Income Enhanced Fund**

		<b>Horizon Singapore Fixed Income Enhanced Fund</b>	
<b>By Industry (Secondary)</b>		<b>Percentage of total net assets attributable to unitholders at 30 June 2018</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2017</b>
		%	%
	<b>Fair value at 30 June 2018</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2018</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2017</b>
	S\$	%	%
Airlines	492,604	1.98	2.12
Auto Manufacturers	990,635	3.98	-
Banks	2,527,807	10.14	8.39
Diversified Financial Services	1,484,500	5.96	6.40
Food	999,180	4.01	-
Holding Companies-Diversified	251,500	1.01	1.06
Insurance	765,615	3.07	3.25
Investment Companies	250,829	1.01	2.10
Private Equity	726,415	2.91	1.05
Real Estate	496,289	1.99	1.04
Real Estate Investment Trusts (REITS)	2,730,993	10.96	6.34
Sovereign	12,165,294	48.82	60.44
Telecommunications	246,387	0.98	5.53
Accrued interest receivable on quoted fixed income securities	196,720	0.79	0.64
<b>Portfolio of investments</b>	<b>24,324,768</b>	<b>97.61</b>	<b>98.36</b>
<b>Other net assets</b>	<b>595,141</b>	<b>2.39</b>	<b>1.64</b>
<b>Net assets attributable to unitholders</b>	<b>24,919,909</b>	<b>100.00</b>	<b>100.00</b>

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The following contains additional information relating to the Funds.

**1. Distribution of investments**

Please refer to the Statements of Portfolio on pages 21 to 33.

**2. Credit rating of debt securities**

**Horizon Singapore Fixed Income Enhanced Fund**

	Fair value at 30 June 2018 S\$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
A-	2,026,442	8.13
A3	247,587	0.99
A3 *+	760,192	3.05
AA	499,375	2.00
Aaa	3,152,950	12.65
Baa1	1,982,773	7.96
Baa2	990,635	3.98
Baa3	257,500	1.03
BBB+	1,252,534	5.03
NR	12,958,060	52.00
Accrued interest receivable on quoted fixed income securities	196,720	0.79
<b>Total</b>	<b>24,324,768</b>	<b>97.61</b>

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**3. Top 10 holdings**

**Nikko AM Global Dividend Equity Fund**

**10 Largest holdings at 30 June 2018**

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Macquarie Group Limited	3,352,650	4.41
Coca-Cola Company	3,050,945	4.02
Unilever Public Listed Company	3,044,598	4.01
Siemens AG	2,844,888	3.74
Prudential Public Listed Company	2,793,438	3.68
Bae Systems Public Listed Company	2,672,952	3.52
Pfizer Incorporated	2,644,670	3.48
Chevron Corporation	2,558,564	3.37
Philip Morris International Incorporated	2,547,993	3.35
Digital Realty Trust Incorporated	2,424,833	3.19

**10 Largest holdings at 30 June 2017**

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Microsoft corporation	3,870,351	4.85
Philip Morris International Incorporated	3,036,928	3.80
Legal & General Group Public Listed Company	2,953,214	3.70
Dupont Fabros Technology Incorporated	2,830,400	3.54
Siemens AG	2,821,697	3.53
Reynolds American Incorporated	2,763,420	3.46
Cedar Fair LP	2,749,534	3.44
Bankinter SA	2,598,136	3.25
Bae Systems Public Listed Company	2,569,440	3.22
Macquarie Group Limited	2,491,188	3.12



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**3. Top 10 holding (continued)**

**Horizon Global Bond Fund (S\$ Hedged)**

**Largest holdings at 30 June 2018**

	Fair value S\$	Percentage of total net assets attributable to unitholders %
<b>Russell Investment Company PLC – Russell Global Bond Fund (Class A)</b>	<b>23,684,476</b>	<b>97.41</b>

**Largest holdings at 30 June 2017**

	Fair value S\$	Percentage of total net assets attributable to unitholders %
<b>Russell Investment Company PLC – Russell Global Bond Fund (Class A)</b>	<b>25,419,997</b>	<b>96.36</b>

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**3. Top 10 holding (continued)**

**Singapore Dividend Equity Fund**

**10 Largest holdings at 30 June 2018**

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Oversea-Chinese Banking Corporation Limited	14,683,860	9.08
DBS Group Holdings Limited	14,425,281	8.92
United Overseas Bank Limited	14,402,232	8.91
Keppel Corporation Limited	9,332,895	5.77
Singapore Airlines Limited	6,096,507	3.77
Singapore Telecommunications Limited	4,856,544	3.00
Venture Corporation Limited	4,695,488	2.90
Thai Beverage Public Company Limited	4,470,552	2.76
SATS Limited	4,416,000	2.73
Yangzijiang Shipbuilding Holdings Limited	3,795,751	2.35

**10 Largest holdings at 30 June 2017**

	Fair value S\$	Percentage of total net assets attributable to unitholders %
DBS Group Holdings Limited	17,046,206	12.01
Oversea-Chinese Banking Corporation Limited	15,712,398	11.07
United Overseas Bank Limited	11,502,200	8.10
Singapore Telecommunications Limited	10,342,343	7.29
Hongkong Land Holdings Limited	8,587,410	6.05
Keppel Corporation Limited	6,978,126	4.92
Genting Singapore Public Listed Company	4,004,844	2.82
Jardine Matheson Holdings Limited	3,960,126	2.79
Venture Corporation Limited	3,888,535	2.74
Thai Beverage Public Company Limited	3,626,550	2.55

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**3. Top 10 holding (continued)**

**Horizon Singapore Fixed Income Enhanced Fund**

**10 Largest holdings at 30 June 2018**

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Singapore Government Bond 2.75% due 01/03/2046	1,418,100	5.69
Singapore Government Bond 2.875% due 01/09/2030	1,281,250	5.14
Singapore Government Bond 2.25% due 01/06/2021	1,256,250	5.04
Singapore Government Bond 3.375% due 01/09/2033	1,076,500	4.32
Singapore Government Bond 2.75% due 01/04/2042	1,031,100	4.14
Breadtalk Group Limited 4% due 17/01/2023	999,180	4.01
Ford Motor Credit Company LLC 3.7% due 11/03/2019	990,635	3.98
Singapore Government Bond 2.875% due 01/07/2029	824,000	3.31
Manulife Financial Corporation 3.85% due 25/05/2026	765,615	3.07
Danga Capital Berhad 3.725% due 11/08/2020	763,379	3.06

**10 Largest holdings at 30 June 2017**

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Singapore Government Bond 2.25% due 01/06/2021	3,342,625	13.73
Singapore Government Bond 2.75% due 01/03/2046	1,281,000	5.26
Singapore Government Bond 2.75% due 01/04/2042	1,227,624	5.04
Singapore Government Bond 3.5% due 01/03/2027	1,180,200	4.85
Singapore Government Bond 2.875% due 01/09/2030	1,124,024	4.62
Singapore Technologies Telemedia Private Limited 4.05% due 02/12/2025	1,055,273	4.34
Singapore Government Bond 3% due 01/09/2024	860,400	3.54
Singapore Government Bond 3.375% due 01/09/2033	794,500	3.26
Danga Capital Berhad 3.725% due 11/08/2020	774,011	3.18
United Overseas Bank Limited 4.9% due 23/07/2049	772,012	3.17

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**4. Exposure to financial derivatives**

**Nikko AM Global Dividend Equity Fund**

	Fair value at 30 June 2018 US\$	Percentage of total net assets attributable to unitholders 30 June 2018 %	Unrealised gains/(losses) US\$	Realised gains/(losses) US\$
Forward foreign exchange contracts	<u>(1,698,550)</u>	<u>(2.24)</u>	<u>(1,698,550)</u>	<u>(120,044)</u>

**Horizon Global Bond Fund (S\$ Hedged)**

	Fair value at 30 June 2018 S\$	Percentage of total net assets attributable to unitholders 30 June 2018 %	Unrealised gains/(losses) S\$	Realised gains/(losses) S\$
Forward foreign exchange contracts	<u>(237,778)</u>	<u>(0.98)</u>	<u>(237,778)</u>	<u>(38,794)</u>

**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 arrangement;
- 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.

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
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**REPORT TO UNITHOLDERS**

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**6. Collateral**

Nil.

**7. Securities lending or repurchase transactions**

Nil.

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

**Nikko AM Global Dividend Equity Fund**

Please refer to the Statements of Portfolio on pages 21 to 33.

**Horizon Global Bond Fund (S\$ Hedged)**

Please refer to the Statements of Portfolio on pages 21 to 33.

**Singapore Dividend Equity Fund**

Please refer to the Statements of Portfolio on pages 21 to 33.

**9. Borrowings**

Nil.

**10. Amount of units created and cancelled for the financial period ended 30 June 2018**

	<b>Nikko AM Global Dividend Equity Fund US\$</b>	<b>Horizon Global Bond Fund (S\$ Hedged) S\$</b>
Units created	4,113,526	1,319,523
Units cancelled	(6,439,079)	(2,775,994)
	<b>Singapore Dividend Equity Fund S\$</b>	<b>Horizon Singapore Fixed Income Enhanced Fund S\$</b>
Units created	45,538,279	4,652,161
Units cancelled	(18,221,127)	(3,283,665)

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
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**REPORT TO UNITHOLDERS**

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**11. Turnover ratio**

**Nikko AM Global Dividend Equity Fund**

		<b>2018</b>	2017
Lower of total value of purchases or sales	US\$	<b>12,856,698</b>	11,533,372
Average daily net asset value	US\$	<b>81,205,070</b>	79,393,740
<b>Total turnover ratio</b> <sup>Note</sup>	%	<b>15.83</b>	14.53

**Horizon Global Bond Fund (S\$ Hedged)**

		<b>2018</b>	2017
Lower of total value of purchases or sales	S\$	<b>1,128,215</b>	1,312,679
Average daily net asset value	S\$	<b>25,444,485</b>	26,266,385
<b>Total turnover ratio</b> <sup>Note</sup>	%	<b>4.43</b>	5.00

**Singapore Dividend Equity Fund**

		<b>2018</b>	2017
Lower of total value of purchases or sales	S\$	<b>21,499,737</b>	26,032,310
Average daily net asset value	S\$	<b>157,568,110</b>	142,062,265
<b>Total turnover ratio</b> <sup>Note</sup>	%	<b>13.64</b>	18.32

**Horizon Singapore Fixed Income Enhanced Fund**

		<b>2018</b>	2017
Lower of total value of purchases or sales	S\$	<b>11,360,353</b>	21,818,778
Average daily net asset value	S\$	<b>26,485,207</b>	24,115,832
<b>Total turnover ratio</b> <sup>Note</sup>	%	<b>42.89</b>	90.47

Note: 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.

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**12. Expense ratio**

**Nikko AM Global Dividend Equity Fund  
S\$ Hedged (Acc) Class**

		<b>2018</b>	2017
Total operating expenses	US\$	<b>1,219,367</b>	1,205,724
Average daily net asset value	US\$	<b>70,558,628</b>	69,946,474
<b>Total expense ratio</b> <sup>Note</sup>	%	<b>1.73</b>	1.72

**S\$ Hedge (Dist) Class**

		<b>2018</b>	2017
Total operating expenses	US\$	<b>168,300</b>	169,137
Average daily net asset value	US\$	<b>9,528,857</b>	9,628,273
<b>Total expense ratio</b> <sup>Note</sup>	%	<b>1.77</b>	1.76

**US\$ (Acc) Class**

		<b>2018</b>	2017
Total operating expenses	US\$	<b>11,438</b>	11,264
Average daily net asset value	US\$	<b>456,192</b>	456,849
<b>Total expense ratio</b> <sup>Note</sup>	%	<b>2.51</b>	2.47

**CNH Hedged (Dist) Class**

		<b>2018</b>	2017
Total operating expenses	US\$	<b>5,946</b>	7,673
Average daily net asset value	US\$	<b>133,821</b>	246,446
<b>Total expense ratio</b> <sup>Note</sup>	%	<b>4.44</b>	3.11

**Horizon Global Bond Fund (S\$ Hedged)**

		<b>2018</b>	2017
Total operating expenses	S\$	<b>226,838</b>	229,952
Average daily net asset value	S\$	<b>25,874,277</b>	27,711,712
<b>Total expense ratio</b> <sup>Note</sup> (including Underlying Fund's expense ratio)	%	<b>1.59</b>	1.55
Weighted average of the underlying fund's unaudited expense ratio	%	<b>0.71</b>	0.72

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**12. Expense ratio (continued)**

**Singapore Dividend Equity Fund**

<b>SGD Class</b>		<b>2018</b>	<b>2017</b>
Total operating expenses	S\$	<b>2,184,673</b>	2,074,680
Average daily net asset value	S\$	<b>142,116,087</b>	136,716,113
<b>Total expense ratio<sup>Note</sup></b>	%	<b>1.54</b>	1.52

<b>JPY Class</b>		<b>2018</b>	<b>2017</b>
Total operating expenses	S\$	<b>2,394</b>	1,057
Average daily net asset value	S\$	<b>443,512</b>	191,071
<b>Total expense ratio<sup>Note</sup></b>	%	<b>0.54</b>	0.55

<b>MYR Class</b>		<b>2018</b>	<b>2017</b>
Total operating expenses	S\$	<b>87,618</b>	17,899
Average daily net asset value	S\$	<b>5,643,484</b>	1,193,899
<b>Total expense ratio<sup>Note</sup></b>	%	<b>1.55</b>	1.50

<b>USD Class</b>		<b>2018</b>	<b>2017</b>
Total operating expenses	S\$	<b>53,243</b>	35,217
Average daily net asset value	S\$	<b>3,439,790</b>	2,320,741
<b>Total expense ratio<sup>Note</sup></b>	%	<b>1.55</b>	1.52

**Horizon Singapore Fixed Income Enhanced Fund**

		<b>2018</b>	<b>2017</b>
Total operating expenses	S\$	<b>324,343</b>	304,530
Average daily net asset value	S\$	<b>25,356,364</b>	24,136,557
<b>Total expense ratio<sup>Note</sup></b>	%	<b>1.28</b>	1.26

Note: 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 Sub-Funds do not pay any performance fee. The average net asset value is based on the daily balances.



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**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 and registrar fee are payable to the Trustee. Custody and valuation fee are payable to a related company of the Trustee, BNP Paribas Securities Services Singapore Branch.

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 Deed.

	<b>Nikko AM Global Dividend Equity Fund</b>		<b>Horizon Global Bond Fund (S\$ Hedged)</b>	
	<b>30 June 2018 US\$</b>	<b>31 December 2017 US\$</b>	<b>30 June 2018 S\$</b>	<b>31 December 2017 S\$</b>
Bank balances held with related party of the Trustee	<b>1,770,382</b>	1,337,436	<b>936,880</b>	1,089,721
	<hr/>			
	<b>Singapore Dividend Equity Fund</b>		<b>Horizon Singapore Fixed Income Enhanced Fund</b>	
	<b>30 June 2018 S\$</b>	<b>31 December 2017 S\$</b>	<b>30 June 2018 S\$</b>	<b>31 December 2017 S\$</b>
Bank balances held with related party of the Trustee	<b>10,440,947</b>	3,143,691	<b>1,138,765</b>	990,856

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

Nil.

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The details which follow make reference to the investments within the Russell Investment Company PLC - Russell Global Bond Fund (Class A) unless stated otherwise.

**1. Top 10 Holdings**

**10 Largest holdings at 30 June 2018**

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Fnc1 3.5 13-Aug-2018	64,834,263	2.73
Japan Treasury Disc Bill 0 06-Aug-2018	28,153,155	1.18
Fnc1 3 13-Aug-2018	26,570,864	1.12
US Treasury N/B 1.625 31-Aug-2019	25,234,377	1.06
Japan (2 Year Issue) 0.1 15-Nov-2018	23,572,120	0.99
US Treasury N/B 1.5 15-Aug-2026	21,327,050	0.90
US Treasury N/B 2.75 15-Feb-2028	20,941,306	0.88
US Treasury N/B 2.125 30-Sep-2024	17,999,122	0.76
New Zealand Government 5 15-Mar-2019	17,534,805	0.74
Japan (20 Year Issue) 1.5 20-Jun-2034	17,277,447	0.73

10 Largest holdings at 30 June 2017

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Fnc1 3 8/17	44,282,107	1.81
Fnc1 3.5 8/17	27,866,685	1.14
Tsy Infl IX N/B	23,438,766	0.96
Barclays Capital Repo Repo	22,472,729	0.92
Bundesrepub. Deutschland	20,417,894	0.83
US Treasury N/B	18,683,632	0.76
New Zealand Government	18,309,925	0.75
US Treasury N/B	17,884,037	0.73
UK Tsy 4% 2022	15,210,235	0.62
Tsy Infl IX N/B	14,500,060	0.59

**NIKKO AM SHENTON HORIZON INVESTMENT FUNDS**  
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**2. Financial Ratios**

	<b>2018</b>	2017
	%	%
Expense Ratio <sup>Note</sup>	<b>0.73</b>	0.75
Turnover Ratio	<b>284.85</b>	365.07

Note: The expense ratio has been computed based on the total operating expenses divided by the average net asset value for the period. 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 average net asset value is based on the daily balances.

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