

SEMI-ANNUAL REPORT

For the financial period ending 31 December 2017

**Nikko AM Shenton
Short Term Bond Fund (S\$)**

MANAGERS

Nikko Asset Management Asia Limited
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Singapore 018961
Company Registration No. 198202562H

DIRECTORS

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TRUSTEE & REGISTRAR

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

AUDITORS

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Singapore 018936
(With effect from 2 January 2018)

CUSTODIAN

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20 Collyer Quay, #01-01
Singapore 049319

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

PERFORMANCE SUMMARY

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Benchmark ²	0.29	0.56	1.04	0.98	0.75	0.67	1.16
Nikko AM Shenton Short Term Bond Fund (S\$) ¹	0.18	0.59	1.87	2.01	1.96	2.10	2.28

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2017. 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 periods in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Benchmark ²	0.29	0.56	1.04	0.98	0.75	0.67	1.16
Nikko AM Shenton Short Term Bond Fund (S\$) ¹	-0.83	-0.41	0.85	1.67	1.76	2.00	2.23

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2017. 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: 29 September 2000

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Benchmark ²	0.29	0.56	1.04	0.98	0.75	N/A	0.67
Nikko AM Shenton Short Term Bond Fund (S\$) - A\$ Hedged ¹	0.26	0.83	3.31	2.97	3.31	N/A	3.97

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2017. Returns are calculated on a NAV-NAV basis, AUD, and based on the assumption that all dividends and distributions are reinvested, if any. Returns for periods in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Benchmark ²	0.29	0.56	1.04	0.98	0.75	N/A	0.67
Nikko AM Shenton Short Term Bond Fund (S\$) - A\$ Hedged ¹	-0.74	-0.18	2.28	2.62	3.10	N/A	3.80

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2017. Returns are calculated on a NAV-NAV basis, AUD, 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: 23 September 2011

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Benchmark ²	0.29	0.56	1.04	N/A	N/A	N/A	1.01
Nikko AM Shenton Short Term Bond Fund (S\$) - US\$ Hedged ¹	0.31	0.72	1.71	N/A	N/A	N/A	1.32

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2017. Returns are calculated on a NAV-NAV basis, USD, and based on the assumption that all dividends and distributions are reinvested, if any. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Benchmark ²	0.29	0.56	1.04	N/A	N/A	N/A	1.01
Nikko AM Shenton Short Term Bond Fund (S\$) - US\$ Hedged ¹	-0.70	-0.28	0.69	N/A	N/A	N/A	0.54

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2017. 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. Past performance is not indicative of future performance.

Inception date: 15 September 2016**Note:**

- (1) With effect from 17 October 2011, the Trust (formerly known as “DBS Enhanced Income Funds”) has been renamed “Nikko AM Shenton Short Term Bond Funds” and the Fund (formerly known as “DBS Enhanced Income Fund (S\$)”) has been renamed “Nikko AM Shenton Short Term Bond Fund (S\$)”.
- (2) The Fund’s benchmark is 3-Months SIBOR. For hedged currency share classes only, the benchmark reflected is in the base currency..

Portfolio Review***The Fund outperformed the benchmark over the past 6 months***

The Nikko AM Shenton Short Term Bond Fund (S\$) (the “Fund”) delivered a gain of 0.59% (SGD terms, NAV-NAV basis) for the 6 months ending 31 December 2017, outperforming the benchmark which returned 0.56%. The outperformance was prompted mainly by asset allocation, moderated somewhat by negative contribution from yield curve positioning.

Changes to Fund characteristics

As of 31 December 2017, the Fund’s overall duration and estimated yield were at 1.52 years and 2.61% (hedged in SGD terms), respectively. The average credit rating of the Fund is at A-. The Fund is diversified across 141 bonds, with 104 issuers from 16 countries, with an average weight of 0.88% per issuer. During the month, the level of cash and cash equivalents was at 8.87%.

Market Review

US Treasuries (USTs) ended lower

The UST yield curve bear flattened in the six months ended 31 December 2017. Recovery in the US continued, with the unemployment rate falling to a 16-year low in October. Economic growth forecasts in the Eurozone were upgraded, and Japan recorded its seventh straight quarter of positive GDP growth. Despite this, inflationary pressures remained low. Against such a backdrop, central banks in the US and Europe began winding down monetary stimuli. The Fed started shrinking its bond portfolio in October, while the European Central Bank declared it would further reduce its monthly purchase of government bonds. The Fed continued with the third rate hike of the year during its December meeting, which further supported the shift higher in front-end UST yields. Overall, 5-year and 10-year US Treasury (UST) yields jumped about 50 and 10 basis points (bps) respectively in the period.

Asian credits registered positive total returns

Amidst strong global growth dynamics and a still-conducive liquidity environment, demand for higher-yielding assets such as Emerging Market (EM) credits remained strong despite the start of monetary policy normalisation in the developed economies. The Asian credit market registered positive total returns of 1.89% in the 6 months ended 31 December 2017, as tighter credit spreads and bond carry more than offset the rise in UST yields.

Growth in Asia accelerated across much of the region. Inflation, which had remained subdued, began ticking up in a number of countries towards the end of the year. Bank of Korea became the first central bank in the region to start policy rate normalisation, hiking interest rates by 25bps in November. Developments in China remained a primary investor focus. As expected, the Chinese authorities continued to pursue a fine balancing act between near-term growth objectives and long-term structural challenges. Notably, President Xi signalled a shift in strategic thinking at the 19th National Congress, from one focused primarily on the pace of growth towards more sustainable and better quality growth. Meanwhile, there were a number of sovereign rating actions in the period. Standard & Poor's downgraded its rating on China. Moody's upgraded its rating on India in November, and Fitch raised its ratings for Indonesia and Philippines in December.

Market Outlook & Strategy

Asian economic and corporate credit fundamentals supportive but valuations appear expensive

As the backdrop for Asian economic and corporate credit fundamentals is expected to remain constructive heading into 2018, an extended credit cycle with credit spreads well supported could continue for some time. However, tight spread valuation and more neutral demand-supply dynamics could hinder significant spread tightening from current levels. Compared to 2017, we expect more subdued Asian credit returns in 2018, taking into account a continuation of less accommodative US monetary policy. For Asian high-grade credits, bond carry will again dominate returns as the expected rise in UST yields will negatively impact total returns.

Supply to pick up in January; expectation of higher risk-free rates to entice issuance

Primary activity is likely to restart in January with heavy supply expected into Chinese New Year in February. Current spread levels and expectation for risk-free rates to trend higher is likely to entice issuers. With the flatter yield curve, the preference could lean towards longer-dated issuances.

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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 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

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 Fund 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.

It is the responsibility of the Managers to ensure 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 Fund, the Managers may receive soft dollar commissions from, or may enter into soft dollar arrangements with, stockbrokers who execute trades on behalf of the Fund 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;
- e) direct money payments / rebates.

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

The Managers will not accept or enter into soft-dollar commissions / arrangements unless:

- such soft-dollar commissions / arrangements would in the opinion of the Managers, assist the Managers in their management of the Fund;
- the Managers shall ensure at all times that best execution is carried out for the transactions; and
- no unnecessary trades are entered into in order to qualify for such soft-dollar commissions / arrangements.

The Managers will comply with applicable regulatory and industry standards on soft dollars.

* 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 SHORT TERM BOND FUND (S\$)
(Constituted under a Trust Deed registered in the Republic of Singapore)

STATEMENT OF TOTAL RETURN

For the financial period from 01 July 2017 to 31 December 2017 (unaudited)

	31 December 2017	31 December 2016
	S\$	S\$
Income		
Interest income	17,307	868
	17,307	868
Less: Expenses		
Management fee	633,906	596,654
Registrar fee	22,093	16,346
Trustee fee	32,542	30,706
Custody fee	42,297	40,281
Audit fee	10,831	10,825
Valuation fee	93,845	89,314
Transaction costs	29,704	24,595
Preliminary expenses	-	7,014
Other expenses	18,256	43,995
	883,474	859,730
Net losses	(866,167)	(858,862)
Net gains or losses on value of investments and financial derivatives		
Net (loss)/gain on investments	(3,873,016)	20,318,493
Net foreign exchange (loss)/gain	(241,626)	1,427,619
Net gain/(loss) on financial derivatives	7,291,926	(16,387,526)
	3,177,284	5,358,586
Total return for the financial period before income tax	2,311,117	4,499,724
Less: Income tax	(225)	(209)
Total return for the financial period after income tax	2,310,892	4,499,515

NIKKO AM SHENTON SHORT TERM BOND FUND (S\$)
(Constituted under a Trust Deed registered in the Republic of Singapore)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017 (unaudited)

	31 December 2017	30 June 2017
	S\$	S\$
ASSETS		
Portfolio of investments	372,433,042	376,896,329
Receivables	1,274,662	5,144,234
Cash and bank balances	35,290,924	26,557,168
Margin accounts	4	1
Financial derivatives at fair value	2,809,441	1,119,037
Total assets	411,808,073	409,716,769
LIABILITIES		
Payables	887,558	1,066,077
Collateral withheld	1,884,325	-
Financial derivatives at fair value	28,107	119,114
Total liabilities	2,799,990	1,185,191
EQUITY		
Net assets attributable to unitholders	409,008,083	408,531,578

NIKKO AM SHENTON SHORT TERM BOND FUND (S\$)
(Constituted under a Trust Deed registered in the Republic of Singapore)

STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the financial period from 01 July 2017 to 31 December 2017 (unaudited)

	31 December 2017	30 June 2017
	S\$	S\$
Net assets attributable to unitholders at the beginning of the financial period / year	408,531,578	342,709,767
Operations		
Change in net assets attributable to unitholders resulting from operations	2,310,892	8,612,789
Unitholders' contributions/(withdrawals)		
Creation of units	92,593,664	340,701,672
Cancellation of units	(94,428,051)	(283,492,650)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(1,834,387)	57,209,022
Total increase in net assets attributable to unitholders	476,505	65,821,811
Net assets attributable to unitholders at the end of the financial period / year	409,008,083	408,531,578

NIKKO AM SHENTON SHORT TERM BOND FUND (S\$)
(Constituted under a Trust Deed registered in the Republic of Singapore)

STATEMENT OF PORTFOLIO
As at 31 December 2017 (unaudited)

By Geography (Primary)

	Holdings at 31 December 2017	Fair value at 31 December 2017 S\$	Percentage of total net assets attributable to unitholders at 31 December 2017 %
Quoted Fixed Income Securities			
AUSTRALIA			
Baosteel Financing 2015 PTY Limited 3.875% due 28/01/2020	1,200,000	1,627,493	0.41
Commonwealth Bank of Australia 3.375% due 20/10/2026	3,363,000	4,471,362	1.09
Macquarie Bank Limited 6.625% due 07/04/2021	2,225,000	3,284,035	0.80
Optus Finance PTY Limited 4.625% due 15/10/2019	1,017,000	1,408,074	0.34
Sydney Airport Finance Company PTY Limited 5.125% due 22/02/2021	1,321,000	1,882,188	0.46
Westpac Banking Corporation 3.625% due 28/02/2023	3,405,000	4,581,436	1.12
Total AUSTRALIA		17,254,588	4.22
BERMUDA ISLANDS			
CGN New Energy Holdings Company Limited 4% due 19/08/2018	1,800,000	2,422,699	0.59
Total BERMUDA ISLANDS		2,422,699	0.59
BRITAIN			
Standard Chartered Bank 5.25% due 10/04/2023	2,250,000	2,271,361	0.56
Standard Chartered Public Listed Company 4.4% due 23/01/2026	2,750,000	2,837,450	0.69
Total BRITAIN		5,108,811	1.25
BRITISH VIRGIN ISLANDS			
Bestgain Real Estate Limited 2.625% due 13/03/2018	4,365,000	5,831,721	1.43
Bluestar Finance Holdings Limited 3.125% due 30/09/2019	3,000,000	4,003,504	0.98
Bluestar Finance Holdings Limited 3.5% due 11/06/2018	2,000,000	2,679,389	0.65
Bluestar Finance Holdings Limited 3.5% due 30/09/2021	1,000,000	1,337,950	0.33
Central Plaza Development Limited 3.875% due 25/01/2020	1,400,000	1,875,606	0.46
Century Master Investment Company Limited 4.75% due 19/09/2018	1,750,000	2,368,216	0.58
China Great Wall International Holdings III Limited 2.75% due 31/08/2020	2,000,000	2,641,064	0.64
China Shenhua Overseas Capital Company Limited 2.5% due 20/01/2018	2,500,000	3,341,001	0.82
CICC Hong Kong Finance 2016 MTN Limited 2.75% due 18/05/2019	2,000,000	2,662,470	0.65
CITIC Securities Finance 2013 Company Limited 2.5% due 03/05/2018	1,350,000	1,801,654	0.44
CMHI Finance BVI Company Limited 7.125% due 18/06/2018	2,000,000	2,723,210	0.67
CNPC General Capital Limited 2.7% due 25/11/2019	1,500,000	2,003,370	0.49
Double Rosy Limited 3.625% due 18/11/2019	3,227,000	4,336,509	1.06
Guangzhou Metro Investment Finance BVI Limited 2.875% due 03/12/2018	850,000	1,136,896	0.28

NIKKO AM SHENTON SHORT TERM BOND FUND (S\$)
(Constituted under a Trust Deed registered in the Republic of Singapore)

STATEMENT OF PORTFOLIO
As at 31 December 2017 (unaudited)

By Geography (Primary) (continued)

	Holdings at 31 December 2017	Fair value at 31 December 2017 S\$	Percentage of total net assets attributable to unitholders at 31 December 2017 %
Quoted Fixed Income Securities (continued)			
BRITISH VIRGIN ISLANDS (continued)			
Haitong International Finance Holdings 2015 Limited 3.5% due 21/04/2020	2,000,000	2,682,826	0.66
Haitong International Finance Holdings Limited 3.95% due 29/10/2018	3,000,000	4,042,620	0.99
Huarong Finance 2017 Company Limited 3.02446% due 27/04/2020	1,100,000	1,486,028	0.36
Huarong Finance 2017 Company Limited 3.2% due 27/04/2021	3,000,000	3,003,000	0.73
Huarong Finance Company Limited 4% due 17/07/2019	1,100,000	1,484,290	0.36
Huarong Finance II Company Limited 2.875% due 19/11/2018	1,000,000	1,334,735	0.33
King Power Capital Limited 3.875% due 03/11/2019	2,500,000	3,386,492	0.83
Midea Investment Development Company Limited 2.375% due 03/06/2019	2,000,000	2,656,818	0.65
Shanghai Electric Power Finance Limited 3.625% due 11/08/2020	1,072,000	1,442,775	0.35
Sinochem Overseas Capital Company Limited 4.5% due 12/11/2020	1,000,000	1,395,615	0.34
Sino-Ocean Land Treasure Finance I Limited 4.625% due 30/07/2019	2,334,000	3,173,034	0.77
Want Want China Finance Limited 1.875% due 14/05/2018	2,000,000	2,666,009	0.65
Total BRITISH VIRGIN ISLANDS		67,496,802	16.50
CANADA			
Manulife Financial Corporation 3.85% due 25/05/2026	3,250,000	3,392,886	0.83
PTTEP Canada International Finance Limited 5.692% due 05/04/2021	516,000	747,974	0.18
Total CANADA		4,140,860	1.01
CAYMAN ISLANDS			
Baidu Incorporation 2.75% due 09/06/2019	1,000,000	1,338,752	0.33
CCBL Cayman Corporation Limited 3.25% due 28/07/2020	2,500,000	3,345,477	0.82
CDBL Funding 1 3.25% due 02/12/2019	3,115,000	4,179,127	1.02
CDBL Funding 2 2.625% due 01/08/2020	2,000,000	2,640,944	0.65
China Mengniu Dairy Company Limited 3.5% due 27/11/2018	3,150,000	4,237,172	1.04
China Overseas Finance Cayman III Limited 3.375% due 29/10/2018	1,000,000	1,348,810	0.33
China Resources Land Limited 4.375% due 27/02/2019	800,000	1,086,641	0.27
China State Construction Finance Cayman I Limited 3.125% due 02/04/2018	5,015,000	6,707,157	1.64
HPHT Finance 15 Limited 2.25% due 17/03/2018	1,541,000	2,058,192	0.50
HPHT Finance 15 Limited 2.875% due 17/03/2020	1,231,000	1,647,503	0.40
QIB Sukuk Limited 2.93567% due 18/08/2019	2,000,000	2,690,583	0.66
QNB Finance Limited 2.83567% due 20/05/2018	3,500,000	4,679,745	1.14

NIKKO AM SHENTON SHORT TERM BOND FUND (S\$)
(Constituted under a Trust Deed registered in the Republic of Singapore)

STATEMENT OF PORTFOLIO
As at 31 December 2017 (unaudited)

By Geography (Primary) (continued)

	Holdings at 31 December 2017	Fair value at 31 December 2017 S\$	Percentage of total net assets attributable to unitholders at 31 December 2017 %
Quoted Fixed Income Securities (continued)			
CAYMAN ISLANDS (continued)			
Sun Hung Kai Properties Capital Market Limited 3.375% due 25/02/2024	1,555,000	2,091,918	0.50
Swire Pacific MTN Financing Limited 6.25% due 18/04/2018	1,000,000	1,351,891	0.33
Total CAYMAN ISLANDS		39,403,912	9.63
CHINA			
China Construction Bank Corporation 3.875% due 13/05/2025	2,000,000	2,697,489	0.66
Industrial & Commercial Bank of China Limited 2.40567% due 21/02/2022	1,700,000	2,280,374	0.56
Industrial & Commercial Bank of China Limited 2.71289% due 12/02/2018	2,500,000	3,342,925	0.82
Sunshine Life Insurance Corporation Limited 2.5% due 20/04/2019	2,800,000	3,696,745	0.90
Sunshine Life Insurance Corporation Limited 3.15% due 20/04/2021	1,600,000	2,105,198	0.51
Total CHINA		14,122,731	3.45
FRANCE			
Societe Generale SA 4.3% due 19/05/2026	2,000,000	2,067,358	0.51
Total FRANCE		2,067,358	0.51
HONG KONG SAR			
Bao-Trans Enterprises Limited 3.75% due 12/12/2018	1,430,000	1,923,038	0.47
Beijing State-Owned Assets Management Hong Kong Company Limited 3% due 26/05/2020	1,605,000	2,138,112	0.52
China Construction Bank Asia Corporation Limited 4.25% due 20/08/2024	3,350,000	4,544,048	1.11
Chong Hing Bank Limited 3.876% due 26/07/2027	550,000	729,049	0.18
CITIC Limited 6.375% due 10/04/2020	2,000,000	2,857,721	0.70
CNAC HK Finbridge Company Limited 3% due 19/07/2020	1,700,000	2,260,524	0.55
Dah Sing Bank Limited 5.25% due 29/01/2024	3,210,000	4,373,008	1.07
Fubon Bank Hong Kong Limited 6.125% due 30/11/2020	3,672,000	5,267,119	1.29
ICBCIL Finance Company Limited 2.375% due 19/05/2019	2,842,000	3,764,365	0.92
ICBCIL Finance Company Limited 2.625% due 19/03/2018	1,000,000	1,336,758	0.33
ICBCIL Finance Company Limited 3.25% due 17/03/2020	2,250,000	3,018,180	0.74
Industrial & Commercial Bank of China Asia Limited 4.5% due 10/10/2023	2,300,000	3,104,092	0.76
Industrial & Commercial Bank of China Asia Limited 5.125% due 30/11/2020	1,400,000	1,971,924	0.48
Standard Chartered Bank Hong Kong Limited 5.875% due 24/06/2020	1,580,000	2,257,367	0.55
Swire Properties MTN Financing Limited 2.75% due 07/03/2020	1,400,000	1,867,244	0.46

NIKKO AM SHENTON SHORT TERM BOND FUND (S\$)
(Constituted under a Trust Deed registered in the Republic of Singapore)

STATEMENT OF PORTFOLIO
As at 31 December 2017 (unaudited)

By Geography (Primary) (continued)

	Holdings at 31 December 2017	Fair value at 31 December 2017 S\$	Percentage of total net assets attributable to unitholders at 31 December 2017 %
Quoted Fixed Income Securities (continued)			
HONG KONG SAR (continued)			
Vanke Real Estate Hong Kong Company Limited 3.95% due 23/12/2019	2,000,000	2,711,428	0.66
Weichai International Hong Kong Energy Group Company Limited 4.125% due 30/09/2020	1,400,000	1,906,708	0.46
Wheelock Finance Limited 3% due 19/03/2018	1,000,000	1,337,520	0.33
Total HONG KONG SAR		47,368,205	11.58
INDIA			
Adani Ports & Special Economic Zone Limited 3.5% due 29/07/2020	2,000,000	2,704,252	0.66
Bank of Baroda 4.875% due 23/07/2019	1,700,000	2,341,714	0.57
ICICI Bank Limited 4.7% due 21/02/2018	1,000,000	1,341,290	0.33
Oil India Limited 3.875% due 17/04/2019	2,000,000	2,707,559	0.66
ONGC Videsh Limited 3.25% due 15/07/2019	1,934,000	2,600,652	0.64
Total INDIA		11,695,467	2.86
JAPAN			
Mizuho Bank Limited 2.77% due 15/03/2019	3,000,000	3,032,649	0.74
Mizuho Financial Group Incorporation 2.40763% due 28/02/2022	1,800,000	2,428,121	0.60
Total JAPAN		5,460,770	1.34
MALAYSIA			
Axiata SPV2 Berhad 3.466% due 19/11/2020	2,245,000	3,043,582	0.74
Malayan Banking Berhad 3.905% due 29/10/2026	3,000,000	4,102,650	1.00
Petronas Capital Limited 5.25% due 12/08/2019	1,100,000	1,534,608	0.38
RHB Bank Berhad 2.503% due 06/10/2021	2,000,000	2,627,202	0.64
Total MALAYSIA		11,308,042	2.76
SINGAPORE			
Ascendas Private Limited 2.965% due 16/03/2021	2,250,000	2,315,025	0.57
Ascendas Real Estate Investment Trust 2.95% due 03/08/2020	4,500,000	4,593,299	1.12
Ascendas Real Estate Investment Trust 3.2% due 03/06/2022	2,500,000	2,587,180	0.63
Ascott Capital Private Limited 3.78% due 16/08/2019	3,000,000	3,087,900	0.76
Cambridge-MTN Private Limited 3.5% due 05/11/2018	3,000,000	3,022,752	0.74
Cambridge-MTN Private Limited 3.95% due 21/05/2020	1,500,000	1,520,006	0.37
Capitaland Mall Trust 3.08% due 20/02/2021	400,000	412,607	0.10
Capitaland Treasury Limited 4.3% due 31/08/2020	2,000,000	2,118,090	0.52
Capitaland Treasury Limited 4.35% due 31/10/2019	2,000,000	2,085,760	0.51
Capitamalls Asia Treasury Limited 3.7% due 29/08/2022	2,500,000	2,624,188	0.64
CCT MTN Private Limited 2.96% due 13/08/2021	3,750,000	3,842,366	0.94
CDL Properties Limited 1.98% due 18/04/2019	2,500,000	2,507,206	0.61
City Developments Limited 3% due 02/04/2020	2,500,000	2,552,160	0.62
DBS Bank Limited 3.1% due 14/02/2023	1,250,000	1,249,441	0.31

NIKKO AM SHENTON SHORT TERM BOND FUND (S\$)
(Constituted under a Trust Deed registered in the Republic of Singapore)

STATEMENT OF PORTFOLIO
As at 31 December 2017 (unaudited)

By Geography (Primary) (continued)

	Holdings at 31 December 2017	Fair value at 31 December 2017 S\$	Percentage of total net assets attributable to unitholders at 31 December 2017 %
Quoted Fixed Income Securities (continued)			
SINGAPORE (continued)			
DBS Group Holdings Limited 1.85917% due 16/07/2019	1,600,000	2,141,378	0.52
FCOT Treasury Private Limited 2.625% due 28/02/2020	1,000,000	1,007,175	0.25
FCOT Treasury Private Limited 2.835% due 11/08/2021	500,000	506,919	0.13
FCT MTN Private Limited 2.9% due 10/04/2019	2,250,000	2,278,337	0.56
FCT MTN Private Limited 3% due 21/01/2020	2,250,000	2,282,303	0.56
Great Eastern Life Assurance Company Limited 4.6% due 19/01/2026	3,250,000	3,477,711	0.85
Joynote Limited 3.408% due 20/07/2018	3,000,000	3,031,503	0.74
Keppel Corporation Limited 3.1% due 12/10/2020	3,000,000	3,064,344	0.75
Keppel Corporation Limited 3.145% due 14/02/2022	500,000	509,685	0.12
Keppel Land Financial Services Private Limited 3.259% due 11/12/2019	5,140,000	6,884,966	1.68
NTUC Income Insurance Co-Operative Limited 3.65% due 23/08/2027	3,500,000	3,699,574	0.91
Oversea-Chinese Banking Corporation Limited 3.15% due 11/03/2023	2,000,000	2,676,313	0.65
Oversea-Chinese Banking Corporation Limited 4% due 15/10/2024	5,000,000	6,807,249	1.66
RH International Singapore Corporation Private Limited 3.5% due 02/05/2019	1,358,000	1,831,589	0.45
Singapore Airlines Limited 3.22% due 09/07/2020	500,000	512,859	0.13
Singtel Group Treasury Private Limited 3.4875% due 08/04/2020	1,500,000	1,554,157	0.38
Starhub Limited 3.08% due 12/09/2022	1,500,000	1,552,032	0.38
Suntec REIT MTN Private Limited 2.83% due 12/11/2018	4,000,000	4,025,748	0.98
Suntec REIT MTN Private Limited 3.025% due 16/03/2022	1,500,000	1,543,500	0.38
Suntec REIT MTN Private Limited 3.35% due 10/02/2020	2,500,000	2,552,907	0.62
United Overseas Bank Limited 3.5% due 16/09/2026	2,000,000	2,691,836	0.66
United Overseas Bank Limited 3.5% due 22/05/2026	1,250,000	1,293,011	0.32
United Overseas Bank Limited 3.75% due 19/09/2024	5,411,000	7,323,051	1.79
UOL Treasury Services Private Limited 2.5% due 20/04/2018	4,000,000	3,981,906	0.97
Total SINGAPORE		101,748,033	24.88
SOUTH KOREA			
Export-Import Bank of Korea 2.16206% due 26/05/2019	2,000,000	2,678,015	0.65
Export-Import Bank of Korea 2.60042% due 17/03/2021	1,300,000	1,748,928	0.43
Korea East-West Power Company Limited 2.625% due 27/11/2018	1,530,000	2,046,472	0.50
Korea Hydro & Nuclear Power Company Limited 2.375% due 28/10/2019	1,050,000	1,392,497	0.34
Korea Hydro & Nuclear Power Company Limited 2.875% due 02/10/2018	2,920,000	3,909,726	0.96

NIKKO AM SHENTON SHORT TERM BOND FUND (S\$)
(Constituted under a Trust Deed registered in the Republic of Singapore)

STATEMENT OF PORTFOLIO
As at 31 December 2017 (unaudited)

By Geography (Primary) (continued)

	Holdings at 31 December 2017	Fair value at 31 December 2017 S\$	Percentage of total net assets attributable to unitholders at 31 December 2017 %
Quoted Fixed Income Securities (continued)			
SOUTH KOREA (continued)			
Korea Midland Power Company Limited 2.75% due 11/02/2019	900,000	1,202,251	0.29
Korea National Oil Corporation 2.75% due 23/01/2019	250,000	334,191	0.08
Korea Western Power Company Limited 2.625% due 22/09/2019	1,300,000	1,730,468	0.42
Korea Western Power Company Limited 2.875% due 10/10/2018	200,000	267,652	0.07
Shinhan Bank Company Limited 3.875% due 07/12/2026	1,500,000	2,030,040	0.50
SK Broadband Company Limited 2.875% due 29/10/2018	4,260,000	5,700,175	1.39
Total SOUTH KOREA		23,040,415	5.63
SWITZERLAND			
UBS AG 4.75% due 22/05/2023	5,000,000	6,741,592	1.65
Total SWITZERLAND		6,741,592	1.65
THAILAND			
Bangkok Bank Public Company Limited 4.8% due 18/10/2020	1,000,000	1,408,404	0.35
PTT Exploration & Production Public Company Limited 3.707% due 16/09/2018	2,000,000	2,694,790	0.66
TMB Bank Public Company Limited 3.108% due 01/10/2021	2,350,000	3,124,775	0.76
Total THAILAND		7,227,969	1.77
UNITED ARAB EMIRATES			
Emirates NBD PJSC 2.92064% due 26/01/2020	1,000,000	1,349,432	0.33
Total UNITED ARAB EMIRATES		1,349,432	0.33
UNITED STATES OF AMERICA			
Hyundai Capital America 2.55% due 06/02/2019	1,000,000	1,334,409	0.33
Total UNITED STATES OF AMERICA		1,334,409	0.33
Accrued interest receivable on quoted fixed income securities		3,140,947	0.77
Total Quoted Fixed Income Securities		372,433,042	91.06
Portfolio of investments		372,433,042	91.06
Other net assets		36,575,041	8.94
Net assets attributable to unitholders		409,008,083	100.00

NIKKO AM SHENTON SHORT TERM BOND FUND (S\$)
(Constituted under a Trust Deed registered in the Republic of Singapore)

STATEMENT OF PORTFOLIO
As at 31 December 2017 (unaudited)

By Geography (Summary)	Percentage of total net assets attributable to unitholders at 31 December 2017 %	Percentage of total net assets attributable to unitholders at 30 June 2017 %
Quoted Fixed Income Securities		
Australia	4.22	4.56
Bahamas	-	0.34
Bermuda Islands	0.59	0.61
Britain	1.25	2.56
British Virgin Islands	16.50	16.69
Canada	1.01	0.82
Cayman Islands	9.63	6.93
China	3.45	5.67
France	0.51	0.51
Hong Kong SAR	11.58	8.19
India	2.86	4.46
Japan	1.34	1.69
Malaysia	2.76	3.08
Singapore	24.88	26.85
South Korea	5.63	3.93
Switzerland	1.65	1.72
Thailand	1.77	1.09
United Arab Emirates	0.33	0.34
United States of America	0.33	1.47
Accrued interest receivable on quoted fixed income securities	0.77	0.75
Total Quoted Fixed Income Securities	91.06	92.26
Portfolio of investments	91.06	92.26
Other net assets	8.94	7.74
Net assets attributable to unitholders	100.00	100.00

NIKKO AM SHENTON SHORT TERM BOND FUND (S\$)
(Constituted under a Trust Deed registered in the Republic of Singapore)

STATEMENT OF PORTFOLIO
As at 31 December 2017 (unaudited)

By Industry (Secondary)	Fair value at 31 December 2017 S\$	Percentage of total net assets attributable to unitholders at 31 December 2017 %	Percentage of total net assets attributable to unitholders at 30 June 2017 %
Airlines	512,859	0.12	0.13
Auto Manufacturers	1,334,409	0.33	1.22
Auto Parts & Equipment	1,906,708	0.47	0.49
Banks	115,018,594	28.12	33.11
Chemicals	10,281,367	2.51	1.70
Coal	3,341,001	0.82	0.84
Commercial Services	6,409,947	1.57	0.64
Diversified Financial Services	50,418,335	12.33	7.35
Electric	16,246,129	3.97	2.00
Electronics	-	-	0.34
Engineering and Construction	8,589,345	2.10	1.36
Food	6,903,181	1.69	1.09
Gas	-	-	0.27
Holding Companies-Diversified	9,044,745	2.21	2.15
Home Furnishings	2,656,818	0.65	0.67
Insurance	16,372,114	4.00	4.04
Internet	7,038,927	1.72	1.72
Investment Companies	4,957,137	1.21	3.26
Iron/Steel	3,550,531	0.87	0.07
Leisure Time	3,386,492	0.83	0.35
Lodging	2,552,160	0.62	0.96
Oil and Gas	12,623,144	3.09	2.62
Real Estate	47,412,009	11.59	13.40
Real Estate Investment Trusts (REITS)	25,614,459	6.26	6.20
Sovereign	4,426,943	1.08	2.01
Telecommunications	7,557,845	1.85	1.53
Transportation	1,136,896	0.28	1.99
Accrued interest receivable on quoted fixed income securities	3,140,947	0.77	0.75
Portfolio of investments	372,433,042	91.06	92.26
Other net assets	36,575,041	8.94	7.74
Net assets attributable to unitholders	409,008,083	100.00	100.00

NIKKO AM SHENTON SHORT TERM BOND FUND (S\$)
(Constituted under a Trust Deed registered in the Republic of Singapore)

REPORT TO UNITHOLDERS

For the financial period from 01 July 2017 to 31 December 2017 (unaudited)

The following contains additional information relating to the Fund.

1. Distribution of investments

Please refer to the Statement of Portfolio on pages 10 to 17.

2. Credit rating of debt securities

	Fair value at 31 December 2017 S\$	Percentage of total net assets attributable to unitholders at 31 December 2017 %
AA	8,314,429	2.03
AAu	2,046,472	0.50
A+	16,752,484	4.10
A	6,974,093	1.71
A-	26,161,926	6.40
A /*-	3,341,001	0.82
BBB+	81,708,381	19.98
BBB+u	2,691,836	0.66
BBB	61,923,228	15.14
BBB-	12,608,419	3.08
Aa2	7,090,677	1.73
Aa3	4,679,745	1.14
A1	12,698,568	3.10
A2	12,621,210	3.09
A3	12,534,672	3.06
Baa1	11,427,867	2.79
Baa2	13,138,709	3.21
Baa3	16,636,161	4.07
Not rated	55,942,217	13.68
Accrued interest receivable on quoted fixed income securities	3,140,947	0.77
Total	372,433,042	91.06

NIKKO AM SHENTON SHORT TERM BOND FUND (S\$)
(Constituted under a Trust Deed registered in the Republic of Singapore)

REPORT TO UNITHOLDERS

For the financial period from 01 July 2017 to 31 December 2017 (unaudited)

3. Top 10 holdings

10 Largest holdings at 31 December 2017

	Fair value S\$	Percentage of total net assets attributable to unitholders %
United Overseas Bank Limited 3.75% due 19/09/2024	7,323,051	1.79
Keppel Land Financial Services Private Limited 3.259% due 11/12/2019	6,884,966	1.68
Oversea-Chinese Banking Corporation Limited 4% due 15/10/2024	6,807,249	1.66
UBS AG 4.75% due 22/05/2023	6,741,592	1.65
China State Construction Finance Cayman I Limited 3.125% due 02/04/2018	6,707,157	1.64
Bestgain Real Estate Limited 2.625% due 13/03/2018	5,831,721	1.43
SK Broadband Company Limited 2.875% due 29/10/2018	5,700,175	1.39
Fubon Bank Hong Kong Limited 6.125% due 30/11/2020	5,267,119	1.29
QNB Finance Limited 2.83567% due 20/05/2018	4,679,745	1.14
Ascendas Real Estate Investment Trust 2.95% due 03/08/2020	4,593,299	1.12

10 Largest holdings at 31 December 2016

	Fair value S\$	Percentage of total net assets attributable to unitholders %
UBS AG 4.75% due 22/05/2023	7,386,316	1.93
Japan Treasury Discount Bill due 10/02/2017	5,203,864	1.36
Shenzhen International Holdings Limited 4.375% due 20/04/2017	5,128,870	1.34
QNB Finance Limited 2.31122% due 20/05/2018	5,090,034	1.33
United Overseas Bank Limited 3.75% due 19/09/2024	5,024,418	1.31
Dah Sing Bank Limited 5.25% due 29/01/2024	4,811,271	1.26
Double Rosy Limited 3.625% due 18/11/2019	4,750,706	1.24
Ascendas Real Estate Investment Trust 2.95% due 03/08/2020	4,512,159	1.18
SK Broadband Company Limited 2.875% due 29/10/2018	4,460,557	1.17
Oversea-Chinese Banking Corporation Limited 3.75% due 15/11/2022	4,219,949	1.10

NIKKO AM SHENTON SHORT TERM BOND FUND (S\$)
(Constituted under a Trust Deed registered in the Republic of Singapore)

REPORT TO UNITHOLDERS

For the financial period from 01 July 2017 to 31 December 2017 (unaudited)

4. Exposure to financial derivatives

	Fair value at 31 December 2017 S\$	Percentage of total net assets attributable to unitholders 31 December 2017 %	Unrealised gains/(losses) S\$	Realised gains/(losses) S\$
Forward foreign exchange contracts	2,781,334	0.68	2,781,334	4,504,850
Futures contracts	-	-	-	5,742

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

Margin account represents margin deposits held in respect of exchange-traded futures contract with UBS Limited.

For forward foreign exchange transaction, the Fund seeks to mitigate counterparty risk by entering into international Derivatives Swap and Dealers Association (ISDA) master agreements with JPMorgan Chase & Company and ING Bank N.V. Collateral withheld on forward foreign exchange positions for the financial period ended 31 December 2017 are detailed in the following table:

	2017 S\$	2016 S\$
<u>Collateral withheld</u>		
JPMorgan Chase & Company	1,328,691	-
ING Group NV	555,634	-

NIKKO AM SHENTON SHORT TERM BOND FUND (S\$)
(Constituted under a Trust Deed registered in the Republic of Singapore)

REPORT TO UNITHOLDERS

For the financial period from 01 July 2017 to 31 December 2017 (unaudited)

7. Securities lending or repurchase transactions

Nil.

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

Nil.

9. Borrowings

Nil.

10. Amount of units created and cancelled for the financial period ended 31 December 2017

S\$

Units created	92,593,664
Units cancelled	(94,428,051)

11. Turnover ratio

		31 December 2017	31 December 2016
Lower of total value of purchases or sales	S\$	65,775,958	65,466,153
Average daily net asset value	S\$	413,708,621	390,194,094
Total turnover ratio ^{Note}	%	15.90	16.78

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 SHORT TERM BOND FUND (S\$)
(Constituted under a Trust Deed registered in the Republic of Singapore)

REPORT TO UNITHOLDERS

For the financial period from 01 July 2017 to 31 December 2017 (unaudited)

12. Expense ratio

SGD Class		31 December 2017	31 December 2016
Total operating expenses	S\$	1,577,277	1,390,625
Average daily net asset value	S\$	385,810,866	340,801,172
Total expense ratio^{Note}	%	0.41	0.41
AUD Hedged Class			
		31 December 2017	31 December 2016
Total operating expenses	S\$	52,385	59,481
Average daily net asset value	S\$	7,623,714	8,866,801
Total expense ratio^{note}	%	0.69	0.67
USD Hedged Class			
		31 December 2017	31 December 2016
Total operating expenses	S\$		
-Including preliminary expenses	S\$	41,494	49,008
-Excluding preliminary expenses	S\$	41,494	41,994
Average daily net asset value	%	9,436,412	34,023,942
Total expense ratio^{Note}	%		
-Including preliminary expenses (annualised)	%	0.44	0.44
-Excluding preliminary expenses (annualised)	%	0.44	0.42

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 Fund does not pay any performance fee. The average net asset value is based on the daily balances.

NIKKO AM SHENTON SHORT TERM BOND FUND (S\$)
(Constituted under a Trust Deed registered in the Republic of Singapore)

REPORT TO UNITHOLDERS

For the financial period from 01 July 2017 to 31 December 2017 (unaudited)

13. Related party transactions

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

Management fee is payable to the Manager. Trustee fee and registrar fee are payable to the Trustee. Custody fee 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 Deeds:

	31 December 2017	30 June 2017
	S\$	S\$
Bank balances held with related party of the Trustee	35,290,924	26,557,168

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

Nil.

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Company registration number 198202562H