

ANNUAL REPORT

For the financial year ended 30 June 2019

Nikko AM Shenton Global Property Securities Fund

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
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,
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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)

PERFORMANCE SUMMARY

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Shenton Global Property Securities Fund - SGD Class	0.35	16.03	6.56	4.07	5.89	10.03	3.29

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.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Shenton Global Property Securities Fund - SGD Class	-4.67	10.23	1.23	2.30	4.81	9.47	2.92

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.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Shenton Global Property Securities Fund - USD Class	0.49	16.82	7.55	3.94	4.21	10.79	4.74

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.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Shenton Global Property Securities Fund - USD Class	-4.53	10.98	2.17	2.17	3.15	10.23	4.36

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: 11 April 2005

Note:

With effect from 17 October 2011, the Fund (formerly known as "DBS Global Property Securities Fund") has been renamed as Nikko AM Shenton Global Property Securities Fund.

The following changes were made to the Fund with effect from 24 August 2015:

- the sub-manager of the Fund was changed from CenterSquare Investment Management, Inc ("CSIM") to Adelante Capital Management LLC ("ACM");
- the base currency of the Fund was changed from the Singapore dollar ("SGD") to United States dollar ("USD")

With effect from 30 September 2016, the Fund had ceased to accept new or further subscriptions for units of the Fund using CPF monies.

With effect from 1 December 2017, the benchmark has been removed and there is no longer any benchmark for the Fund. This is because in the Managers' view, the benchmark imposes unnecessary costs on the Fund, and the benchmark is not necessary in order for the Managers to achieve the Fund's stated investment objective. Prior to 1 April 2015, benchmark was UBS Global Real Estate Investors Total Return Index without reference to the yield component. Prior to 1 Mar 2010, the benchmark was Yield Component of UBS Global Real Estate Investors Total Return Index. Prior to 1 April 2006, the benchmark was UBS Global Real Estate Investors Total Return Index.

Portfolio Review

Fund gained 6.56% during the review period

The Nikko AM Shenton Global Property Securities Fund (the "Fund") gained 6.56% (in SGD terms, on a NAV-NAV basis) over the year ended 30 June 2019.

The Fund's holdings in North America provided the highest returns globally for the period, with gains led by securities in the US. The top performing holdings in the US covered a broad range of property sectors, but were led by REITs/REOCs in sectors with secular growth themes such as cell towers, data centres and industrial/logistics. The leading contributors to performance within these sectors included American Tower Corporation, Americold Realty Trust, Equinix Inc., Interxion Holding, Prologis Inc. and Terreno Realty. Industrial REIT share prices got an added boost late in the period from the announcement that Blackstone Group had agreed to acquire the US logistics assets of Singapore-based Global Logistics Properties for USD18.7bn. Other holdings in the US that were significant contributors to performance in the period included residential focused REITs such as Equity Residential, Essex Property Trust and Sun Communities. While there was broader dispersion in returns for the period among holdings in some of the other property sectors, the Fund did get notable contributions from Alexandria Real Estate Equities (office), Kimco Realty (local retail) and Ventas, Inc. (healthcare). The biggest detractors to performance in the period were within the lodging sector with Pebblebrook Hotel Trust, Hilton Grand Vacations and DiamondRock Hospitality each having negative returns in the period. Simon Property Group, the lone holding among US regional retail REITs, was also a drag to performance with negative returns as investor demand for that sector remained weak globally. Lastly in North America, the Fund benefited from its lone holding in Mexico in Prologis Property Mexico.

Positive returns in Asia were driven by the Fund's holdings in Australia, Hong Kong and Singapore, while holdings in Japan lagged. While foreign exchange (FX) movements both hurt and helped in differing countries, the overall impact for the year was negligible. The Fund's holdings in Hong Kong were the greatest contributor. Link REIT and Sun Hung Kai Properties led the way, while Hysan Development detracted from performance. Link REIT continues to be somewhat of an outlier among retail REITs globally with investors attracted to its non-discretionary, mostly domestically focused retail portfolio that is less susceptible to the rising threat of e-commerce. The main contributor to performance in Australia was Dexus, the Fund's primary holding there. Dexus' office focused portfolio continues to benefit from favourable operating fundamentals in the major Australian cities where it is concentrated. In Singapore, the Fund's two holdings, Ascendas India Trust and CapitaLand Mall Trust both delivered strong returns for the period. Returns for the Fund's holdings in Japan lagged the other countries in the region, but were positive with a local currency return that was boosted by a stronger Yen versus the USD. The Fund's two largest holdings in Japan, Mitsubishi Estate and Mitsui Fudosan, saw healthy returns over the year. Mitsubishi's share price, in particular, benefitted later in the period when it announced certain shareholder initiatives aimed at improving corporate governance and improving shareholder returns. Measures taken by Mitsubishi included a share buyback programme, raising its target dividend payout ratio and not renewing takeover prevention measures.

The Fund's holdings in Europe were the clear laggard with negative local currency returns that were further impacted by a weaker Sterling and Euro. The region experienced fluctuating bouts of economic and political uncertainty throughout the period. With the terms and timing of the UK's exit from the European Union (EU) still unresolved and trade tensions between the US and Europe continuing to linger, the economic outlook for the region remains clouded with uncertainty. Despite Brexit's headwinds, the Fund did benefit from its holdings in select niche sectors in the UK that managed to deliver positive returns for the period with Safestore Holdings (self-storage), Segro Plc (logistics) and Unite Group Plc (student accommodation) delivering robust local currency returns. Unibail-Rodamco-Westfield (URW) detracted from performance during the period. Continued investor worries over the retail sector globally, as well as concerns over URW's now completed merger with Westfield Corp. have persisted despite a high quality portfolio and attractive 8% dividend yield. The Fund's German holdings delivered mixed results in the period with Alstria Office REIT and LEG Immobilien delivering positive returns, while Berlin focused Deutsche Wohnen declined. Deutsche Wohnen, which has been a strong performing holding for the Fund, was impacted late in the period by the surprise news that some members of the Berlin state senate were taking steps to move forward a proposal to be voted on in October for a five-year rent freeze on residential properties beginning in 2020. While likely to be challenged as being unconstitutional (if passed) since rent increases are already governed by Federal laws, the stock sold off sharply as legal challenges may take time to run their due course.

Market Review

Global property securities gained in the period despite significant volatility

Global property securities have experienced some volatility over the twelve-month period to end-June 2019, as macro issues such as global trade, interest rates, monetary policy, geopolitical events and their collective impact on global economic growth have continued to dominate headlines and affect investor sentiment. While the global economy has clearly slowed over the period, most sovereign bond yields have declined significantly and the tone from most major central banks has shifted towards becoming more accommodative in order to attempt to prevent any major deterioration in their respective economies and maintain the current expansion cycle. Within this environment, property fundamentals across most global markets have generally held steady, albeit with some variability across property sectors and geographies. In general, sectors benefitting from secular tailwinds to their demand outlooks such as logistics and data centres performed the best globally. In contrast, the retail sector continued to face structural headwinds from the growth of e-commerce and performed the weakest. With some exceptions, global property securities continue to trade at discounts to private market valuations despite comparable properties that should otherwise be similarly valued in public and private hands. While not widespread, mergers and acquisitions and privatisation activities have helped create some support for valuations and in some cases provided a boost to share performance for public companies where operating fundamentals otherwise remain healthy. Although it has varied at different points in time over the past twelve months, returns for property securities for period have exceeded general equities with some variability by region.

Market Outlook & Strategy

Commercial real estate outlook largely favourable, despite near term volatility

While expectations for global growth have moderated in recent months, most economists do not believe that a recession is on the near term horizon. With no signs of inflation and growth worries persisting, the major central banks appear to be in a global easing cycle with investors now expecting one or two rate cuts from the US Federal Open Market Committee in the balance of the year. Amid a slowing economic backdrop, commercial real estate operating conditions have remained mostly stable across global markets, with some degree of variability across markets and property types. The retail property sector does however continue to face the most challenging operating conditions globally. The combination of modest growth and low interest rates remains a supportive combination for real estate. Absent a shock to the capital markets or a dramatic deterioration in the economic outlook, the

environment for real estate owners should remain favourable provided the dynamics of supply and demand are in balance. Periods of volatility and uncertainty seem likely to persist, but those listed real estate companies that have used the current real estate cycle to rationalise their portfolios and solidify their capital structures should be well positioned to benefit over time and create value for investors.

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 reporting or 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 or ETFs 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) 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 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

In their management of the Nikko AM Shenton Global Property Securities Fund (the "Fund"), the Managers currently do not receive or enter into any soft dollar commissions or arrangements.

Subject to the provisions of the Code, the Sub-Managers of the Nikko AM Asia Investment Funds - Nikko AM Shenton Global Property Securities Fund may receive soft-dollar commissions from, or may enter into soft dollar arrangements with, stockbrokers who execute trades on behalf of the Nikko AM Asia Investment Funds - Nikko AM Shenton Global Property Securities Fund. However, in any such arrangement, the soft dollars received by the Sub-Managers of the Nikko AM Asia Investment Funds - Nikko AM Shenton Global Property Securities Fund 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 Sub-Managers of the Nikko AM Asia Investment Funds - Nikko AM Shenton Global Property Securities Fund will retain the records of the payments made using soft dollar commissions.

The Sub-Managers of the Nikko AM Asia Investment Funds - Nikko AM Shenton Global Property Securities Fund will not accept or enter into soft-dollar commissions / arrangements unless:

- such soft-dollar commissions / arrangements can in the opinion of the Sub - Managers, reasonably be expected to assist in the Sub-Managers' provision of investment advice or related services to the Fund or assist the Sub-Managers in their management of the Fund;
- the Sub-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 achieve a sufficient volume of transactions to qualify for such soft-dollar commissions / arrangements.

The Sub-Managers of the Nikko AM Asia Investment Funds - Nikko AM Shenton Global Property Securities Fund will comply with applicable regulatory and industry standards on soft dollars.

NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

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

REPORT OF THE TRUSTEE

For the financial year ended 30 June 2019

The Trustee is under a duty to take into custody and hold the assets of Nikko AM Shenton Global Property Securities Fund (the "Fund") 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 Fund during the financial year covered by these financial statements, set out on pages 13 to 38, 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

Authorised signatory
27 September 2019

NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

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

STATEMENT BY THE MANAGER

For the financial year ended 30 June 2019

In the opinion of Nikko Asset Management Asia Limited, the accompanying financial statements set out on pages 13 to 38, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of Nikko AM Shenton Global Property Securities Fund (the "Fund") as at 30 June 2019, and the financial performance and movements in unitholders' funds for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

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

Authorised signatory
27 September 2019

INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF NIKKO AM SHENTON GLOBAL PROERTY SECURTIES FUND
(Constituted under a Trust Deed registered in the Republic of Singapore)

Our Opinion

In our opinion, the accompanying financial statements of Nikko AM Shenton Global Property Securities Fund (the "Fund"), 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 aspects, the financial position and portfolio holdings of the Fund as at 30 June 2019, 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 Fund comprise:

- the Statement of Total Return for the financial year ended 30 June 2019;
- the Statement of Financial Position as at 30 June 2019;
- the Statement of Movements of Unitholders' Funds for the financial year ended 30 June 2019;
- the Statement of Portfolio as at 30 June 2019 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 Fund in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

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

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

INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF NIKKO AM SHENTON GLOBAL PROORITY SECURTIES FUND
(Constituted under a Trust Deed registered in the Republic of Singapore)

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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF NIKKO AM SHENTON GLOBAL PRIORITY SECURITIES FUND
(Constituted under a Trust Deed registered in the Republic of Singapore)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- 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 September 2019

NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial year ended 30 June 2019*

	Note	2019 US\$	2018 US\$
Income			
Dividends		420,906	489,591
Interest on cash and bank balances		1,467	378
		<u>422,373</u>	<u>489,969</u>
Less: Expenses			
Management fee		201,808	221,363
Registrar fee		25,408	28,020
Trustee fee		5,347	5,955
Custody fee		2,579	2,572
Audit fee		8,713	10,008
Valuation fee		7,280	7,509
Transaction costs		36,196	44,122
Other expenses		4,843	40,885
		<u>292,174</u>	<u>360,434</u>
Net income		<u>130,199</u>	<u>129,535</u>
Net gains on value of investments			
Net gains on investments		929,964	606,032
Net foreign exchange gains		1,405	6,975
		<u>931,369</u>	<u>613,007</u>
Total return for the financial year before income tax		<u>1,061,568</u>	<u>742,542</u>
Less: Income tax	3	<u>(85,541)</u>	<u>(107,107)</u>
Total return for the financial year after income tax		<u>976,027</u>	<u>635,435</u>

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

NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	2019 US\$	2018 US\$
ASSETS			
Portfolio of investments		13,512,779	13,865,325
Receivables	4	60,459	53,242
Cash and bank balances		394,676	210,066
Total assets		13,967,914	14,128,633
LIABILITIES			
Payables	5	171,478	124,021
Distribution payable		175,502	170,917
Total liabilities		346,980	294,938
EQUITY			
Net assets attributable to unitholders	6	13,620,934	13,833,695

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

NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial year ended 30 June 2019*

	Note	2019 US\$	2018 US\$
Net assets attributable to unitholders at the beginning of the financial year		13,833,695	15,278,883
Operations			
Change in net assets attributable to unitholders resulting from operations		976,027	635,435
Unitholders' contributions/(withdrawals)			
Creation of units		1,779,032	2,113,873
Cancellation of units		(2,283,289)	(3,542,490)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		(504,257)	(1,428,617)
Distributions	7	(684,531)	(652,006)
Total decrease in net assets attributable to unitholders		(212,761)	(1,445,188)
Net assets attributable to unitholders at the end of the financial year	6	13,620,934	13,833,695

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

NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2019***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 %
Quoted Equities			
BRITAIN			
Capital & Counties Properties Public Listed Company	69,325	191,104	1.40
Total BRITAIN		191,104	1.40
GERMANY			
Deutsche Wohnen SE	5,921	217,591	1.60
LEG Immobilien AG	2,215	250,226	1.84
Total GERMANY		467,817	3.44
HONG KONG SAR			
Hongkong Land Holdings Limited	11,500	74,060	0.54
Hysan Development Company Limited	49,000	253,074	1.86
Sun Hung Kai Properties Limited	41,000	695,358	5.11
Wharf Real Estate Investment Company Limited	43,000	302,994	2.22
Total HONG KONG SAR		1,325,486	9.73
JAPAN			
Mitsubishi Estate Company Limited	19,000	353,583	2.60
Mitsui Fudosan Company Limited	23,000	557,708	4.09
Sumitomo Realty & Development Company Limited	3,000	107,147	0.79
Total JAPAN		1,018,438	7.48
NETHERLANDS			
Interxion Holding NV	3,725	283,435	2.08
Total NETHERLANDS		283,435	2.08
UNITED STATES OF AMERICA			
Marriott International Incorporation	1,480	207,629	1.52
Total UNITED STATES OF AMERICA		207,629	1.52
Total Quoted Equities		3,493,909	25.65
Quoted Investment Fund			
SINGAPORE			
Ascendas India Trust	160,100	160,933	1.18
Total SINGAPORE		160,933	1.18
Total Quoted Investment Fund		160,933	1.18

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

NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2019***By Geography (Primary)** (continued)

	Holdings at 30 June 2019	Fair value at 30 June 2019 US\$	Percentage of total net assets attributable to unitholders at 30 June 2019 %
Quoted Real Estate Investment Trusts			
AUSTRALIA			
Dexus	65,280	594,617	4.37
Scentre Group	15,076	40,626	0.30
Total AUSTRALIA		635,243	4.67
BRITAIN			
Derwent London Public Listed Company	4,315	171,120	1.26
Safestore Holdings Public Listed Company	24,626	192,278	1.41
SEGRO Public Listed Company	34,730	322,752	2.37
Unite Group Public Listed Company	22,150	274,712	2.02
Total BRITAIN		960,862	7.06
FRANCE			
Gecina SA	1,517	227,347	1.67
Unibail-Rodamco-Westfield	1,220	183,045	1.34
Total FRANCE		410,392	3.01
GERMANY			
Alstria Office REIT-AG	11,900	192,434	1.41
Total GERMANY		192,434	1.41
HONG KONG SAR			
Link REIT	24,000	294,911	2.17
Total HONG KONG SAR		294,911	2.17
JAPAN			
Nippon Prologis REIT Incorporated	35	80,857	0.59
Total JAPAN		80,857	0.59
MEXICO			
Prologis Property Mexico Sa De CV	107,405	222,619	1.63
Total MEXICO		222,619	1.63
SINGAPORE			
Capitaland Mall Trust	42,775	83,150	0.61
Total SINGAPORE		83,150	0.61
UNITED STATES OF AMERICA			
Alexandria Real Estate Equities Incorporated	2,180	307,336	2.26
American Tower Corporation	1,470	300,365	2.21
Americold Realty Trust	8,765	284,424	2.09
Boston Properties Incorporated	2,855	368,067	2.70
Camden Property Trust	2,650	276,898	2.03
Coresite Realty Corporation	1,500	172,590	1.27
Cubsmart	7,115	238,139	1.75
Diamondrock Hospitality Company	18,325	189,480	1.39
Duke Realty Corporation	6,735	212,759	1.56
Equinix Incorporated	421	212,197	1.56
Equity Residential	5,835	442,993	3.25

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

NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2019***By Geography (Primary)** (continued)

	Holdings at 30 June 2019	Fair value at 30 June 2019 US\$	Percentage of total net assets attributable to unitholders at 30 June 2019 %
Quoted Real Estate Investment Trusts (continued)			
UNITED STATES OF AMERICA (continued)			
Essex Property Trust Incorporated	1,115	324,944	2.39
Extra Space Storage Incorporated	2,555	271,111	1.99
HCP Incorporated	9,230	294,991	2.17
Healthcare Trust of America Incorporated	4,735	129,881	0.95
Hudson Pacific Properties Incorporated	4,130	137,488	1.01
Invitation Homes Incorporated	5,305	141,697	1.04
JBG Smith Properties	4,670	183,718	1.35
Kilroy Realty Corporation	3,245	239,611	1.75
Kimco Realty Corporation	7,835	144,634	1.06
Pebblebrook Hotel Trust	6,175	174,073	1.28
Prologis Incorporated	7,745	620,065	4.55
Regency Centers Corporation	2,065	137,818	1.01
Simon Property Group Incorporated	2,755	440,139	3.23
Sun Communities Incorporated	2,155	276,314	2.03
Terreno Realty Corporation	4,135	202,574	1.49
Ventas Incorporated	3,705	253,163	1.86
Total United States of America		6,977,469	51.23
Total Quoted Real Estate Investment Trusts		9,857,937	72.38
Portfolio of investments		13,512,779	99.21
Other net assets		108,155	0.79
Net assets attributable to unitholders		13,620,934	100.00

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

NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

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

STATEMENT OF PORTFOLIO

As at 30 June 2019

By Geography (Summary)	Percentage of total net assets attributable to unitholders at 30 June 2019 %	Percentage of total net assets attributable to unitholders at 30 June 2018 %
Quoted Equities		
Bermuda Islands	-	0.59
Britain	1.40	-
Cayman Islands	-	1.24
Germany	3.44	4.20
Hong Kong SAR	9.73	8.00
Japan	7.48	8.24
Netherlands	2.08	2.23
United States of America	1.52	4.38
Total Quoted Equities	25.65	28.88
Quoted Investment Fund		
Singapore	1.18	0.52
Total Quoted Investment Fund	1.18	0.52
Quoted Real Estate Investment Trusts		
Australia	4.67	4.26
Britain	7.06	8.26
France	3.01	5.60
Germany	1.41	1.19
Hong Kong SAR	2.17	1.06
Japan	0.59	-
Mexico	1.63	-
Singapore	0.61	1.33
United States of America	51.23	49.13
Total Quoted Real Estate Investment Trusts	72.38	70.83
Portfolio of investments	99.21	100.23
Other net assets/(liabilities)	0.79	(0.23)
Net assets attributable to unitholders	100.00	100.00

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

NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

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

STATEMENT OF PORTFOLIO

As at 30 June 2019

By Industry (Secondary)	Fair value at 30 June 2019 US\$	Percentage of total net assets attributable to unitholders at 30 June 2019 %	Percentage of total net assets attributable to unitholders at 30 June 2018 %
Lodging	207,629	1.53	4.38
Real Estate Companies	3,163,778	23.22	22.79
Real Estate Investment Trusts (REITS)	9,857,937	72.38	70.83
Software	283,435	2.08	2.23
Portfolio of investments	13,512,779	99.21	100.23
Other net assets/(liabilities)	108,155	0.79	(0.23)
Net assets attributable to unitholders	13,620,934	100.00	100.00

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

NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

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

1. General

Nikko AM Shenton Global Property Securities Fund (the “Fund”) is a Singapore domiciled fund, constituted as a Sub-Fund of the Nikko AM Asia Investment Funds, pursuant to the Trust Deed dated 8 March 2000 as amended by Supplemental Deeds and Amended and Restated Deeds (collectively referred to as the “Deeds”). The Deeds are governed by the laws of the Republic of Singapore. The Trustee of the Fund is BNP Paribas Trust Services Singapore Limited (the “Trustee”). The Manager of the Fund is Nikko Asset Management Asia Limited. The Fund is a unit trust included under the Central Provident Fund Investment Scheme (“CPFIS”).

The Sub-manager is Adelante Capital Management LLC.

Nikko AM Asia Investment Funds comprise four separate and distinct sub-funds, namely Nikko AM Shenton Asia Dividend Equity Fund, Nikko AM Shenton Global Property Securities Fund, Nikko AM Shenton Asia Bond Fund, and MyHome Income (formerly known as MyHome Fund - Home Balanced). Only the financial statements of Nikko AM Shenton Global Property Securities Fund is presented in this report.

There are currently five classes of units established within the Fund, namely SGD Class, SGD Class B, USD Class, USD Class B and RMB Class.

The classes within each Scheme differ in terms of their class currency and the minimum subscription amounts applicable.

As of 30 June 2019, only units in SGD Class and USD Class have been issued.

With effect from 30 September 2016, the Fund ceased to accept new or further subscriptions for units using Central Provident Fund (“CPF”) monies. The Fund will continue to be included under the CPFIS – List B and to be managed in accordance with CPF Investment Guidelines.

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 recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” (“RAP 7”) issued by the Institute of Singapore Chartered Accountants.

NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

2. Significant accounting policies (continued)

(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) Distributions

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

(d) Investments

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

(i) *Initial recognition*

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

(ii) *Subsequent measurement*

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

(iii) *Derecognition*

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

NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

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 investments held by the Fund is the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value.

(f) Receivables

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

(g) Sales and purchases awaiting settlement

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

(h) Cash and cash equivalents

Cash and cash equivalents 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.

NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

2. Significant accounting policies (continued)

(j) Foreign currency translation

(i) *Functional and presentation currency*

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

The performance of the Fund is measured and reported to the investors in United States Dollar. The Manager considers the 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 United States Dollar, which is the Fund’s functional and presentation currency.

(ii) *Transactions and balances*

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

3. Income Tax

The Fund was granted the status of a Designated Unit Trust (DUT) in Singapore. The Manager and Trustee of the Fund will ensure that the Fund fulfills 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:

- (a) gains or profit 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);

NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

3. Income Tax (continued)

- (c) dividends derived from outside Singapore and received in Singapore;
- (d) gains or profits derived from foreign exchange transactions, transactions in futures contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities or financial index;
- (e) discount prepayment 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 30 June 2019 and 2018 comprises:

	2019	2018
	US\$	US\$
Singapore income tax	1,150	1,667
Overseas income tax	84,391	105,440
	85,541	107,107

The Singapore income tax represents tax deducted at source for Singapore sourced dividends and tax charge on distribution from Singapore REITs. The overseas income tax represents tax deducted at source on dividends derived from outside Singapore.

4. Receivables

	2019	2018
	US\$	US\$
Receivable from unitholders for creation of units	16,459	7,952
Dividends receivable	44,000	45,290
	60,459	53,242

NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2019***5. Payables**

	2019	2018
	US\$	US\$
Payable to unitholders for cancellation of units	98,766	47,128
Amount due to the Manager	56,506	57,786
Registrar fee payable	3,033	3,098
Valuation fee payable	1,956	1,999
Trustee fee payable	1,474	1,509
Provision for audit fee	9,114	9,953
Custody fee payable	629	443
Other payables	-	2,105
	171,478	124,021

Amount due to the Manager comprises management fee and is 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, operating through its Singapore Branch.

6. Units in issue

During the financial year ended 30 June 2019 and 30 June 2018, the numbers of units issued, redeemed and outstanding were as follows:

	2019	2018
<u>SGD Class</u>		
Units at beginning of the financial year	20,201,821	22,609,994
Units created	2,643,786	2,483,558
Units cancelled	(3,538,766)	(4,891,731)
Units at end of the financial year	19,306,841	20,201,821
Net assets attributable to unitholders - US\$	12,708,275	13,023,814
Net asset value per unit - US\$	0.658	0.645
	2019	2018
<u>USD Class</u>		
Units at beginning of the financial year	1,255,399	1,029,481
Units created	132,706	741,227
Units cancelled	(2,892)	(515,309)
Units at end of the financial year	1,385,213	1,255,399
Net assets attributable to unitholders - US\$	912,659	809,881
Net asset value per unit - US\$	0.659	0.645

NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

6. Units in issue (continued)

Distributions are accrued at the reporting date if necessary approvals have been obtained and a legal or constructive obligation has been created, for the purpose of determining the accounting net asset values in the financial statements.

A reconciliation of the net asset attributable to unitholders per the financial statements and the net assets attributable to unitholders for issuing/redeeming units at the financial year end is prepared below:

	2019	2018
	US\$	US\$
<u>SGD Class</u>		
Net assets attributable to unitholders as per financial statements per unit	0.658	0.645
Effect of distribution per unit	0.008	0.008
Effect for movement in the net asset value between the last dealing date and the end of the reporting period [^]	-	-
Net assets attributable to unitholders for issuing/redeeming per unit	<u>0.666</u>	<u>0.653</u>
	2019	2018
	US\$	US\$
<u>USD Class</u>		
Net assets attributable to unitholders as per financial statements	0.659	0.645
Effect of distribution per unit	0.008	0.008
Effect for movement in the net asset value between the last dealing date and the end of the reporting period [^]	-	-
Net assets attributable to unitholders for issuing/redeeming per unit	<u>0.667</u>	<u>0.653</u>

[^]The net asset value for the purposes of processing unit subscription and redemption was established in accordance with the methodology indicated in the Fund's Prospectus. This item reflects the movement in net asset value between the last dealing date and the end of the reporting period due to accrual of operating expenses. In 2019 and 2018, the effect is less than 0.001.

NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2019***7. Distributions**

	2019 US\$	2018 US\$
June final distribution of (SGD Class) S\$1.15 per 100 units and (USD Class) US\$0.84 per 100 units in respect of the financial year ended 30 June 2019	175,502	-
March interim distribution of (SGD Class) S\$1.12 per 100 units and (USD Class) US\$0.83 per 100 units in respect of the financial year ended 30 June 2019	172,397	-
December interim distribution of (SGD Class) S\$1.07 per 100 units and (USD Class) US\$0.78 per 100 units in respect of the financial year ended 30 June 2019	166,454	-
September interim distribution of (SGD Class) S\$1.11 per 100 units and (USD Class) US\$0.81 per 100 units in respect of the financial year ended 30 June 2019	170,178	-
June final distribution of (SGD Class) S\$1.09 per 100 units and (USD Class) US\$0.82 per 100 units in respect of the financial year ended 30 June 2018	-	170,917
March interim distribution of (SGD Class) S\$1.06 per 100 units and (USD Class) US\$0.81 per 100 units in respect of the financial year ended 30 June 2018	-	177,853
December interim distribution of (SGD Class) S\$1.14 per 100 units and (USD Class) US\$0.85 per 100 units in respect of financial year ended 30 June 2018	-	196,568
September interim distribution of (SGD Class) S\$0.63 per 100 units and (USD Class) US\$0.47 per 100 units in respect of the financial year ended 30 June 2018	-	106,668
	684,531	652,006

NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

8. Financial risk management

The Fund's activities expose it to a variety of risk, 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 the implementation of the overall risk management programme, which seeks to minimise potential adverse effects on the Fund's financial performance. Specific guidelines on exposures to individual securities and certain industries and/or countries are in place as part of the overall financial risk management to reduce the Fund's exposures to these risks.

The Fund's primary objective is to provide investors with medium to long term capital appreciation and to make regular income distributions during the investment period by investing in global listed real estate investment trusts ("REITS") (including business trusts) and the quoted securities of real estate companies or of those traded on a regulated exchange.

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

(a) Market risk - Price risk

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

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

The Fund's market price risk is managed through diversification of the investment portfolio across various geographies globally.

The Manager is of the view that the FTSE EPRA/NAREIT Developed Index (the "Index"), which is a free-float adjusted, market capitalisation-weighted index designed to track the performance of listed real estate companies in developed countries worldwide, will provide a suitable analysis of reasonable possible shifts of the fair value of the Fund's investment.

NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

8. Financial risk management (continued)

(a) Market risk - Price risk (continued)

As at 30 June 2019, an increase/decrease of the index components within the Index by 11% (2018: 10%), with all other variables held constant, the net assets attributable to unitholders for the year would increase/decrease by approximately 11% (2018: 11%). The analysis was based on the assumption that the index components within the Index increased/decreased by a reasonable possible shift, with all other variables held constant and that the fair value of Fund's investments moved according to the beta. Reasonable possible changes in market index percentage are revised annually depending on management's current view on market volatility and other relevant factors.

(b) Market risk - Interest rate risk

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

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

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

(c) Market risk - Currency risk

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

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

NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

8. Financial risk management (continued)

(c) Market risk - Currency risk (continued)

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

As at 30 June 2019	USD US\$	AUD US\$	SGD US\$	EUR US\$	JPY US\$	GBP US\$	HKD US\$	Others US\$	Total US\$
Assets									
Portfolio of investments	7,542,593	635,243	244,083	1,070,643	1,099,295	1,151,966	1,546,337	222,619	13,512,779
Receivables	25,814	8,002	16,459	5,866	-	-	4,318	-	60,459
Cash and bank balances	8,312	2,559	355,550	11,195	8,294	4,732	2,508	1,526	394,676
Total assets	7,576,719	645,804	616,092	1,087,704	1,107,589	1,156,698	1,553,163	224,145	13,967,914
Liabilities									
Payables	58,608	-	112,870	-	-	-	-	-	171,478
Distribution payable	11,636	-	163,866	-	-	-	-	-	175,502
Total liabilities	70,244	-	276,736	-	-	-	-	-	346,980
Net currency exposure	7,506,475	645,804	339,356	1,087,704	1,107,589	1,156,698	1,553,163	224,145	

NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

	USD US\$	AUD US\$	SGD US\$	EUR US\$	JPY US\$	GBP US\$	HKD US\$	Others US\$	Total US\$
8. Financial risk management (continued)									
(c) Market risk - Currency risk (continued)									
As at 30 June 2018									
Assets									
Portfolio of investments	7,793,296	658,051	256,108	1,452,636	1,139,223	1,142,127	1,423,884	-	13,865,325
Receivables	22,890	10,730	7,224	8,869	-	913	2,616	-	53,242
Cash and bank balances	29,934	15,333	130,516	4,674	13,560	11,038	5,000	11	210,066
Total assets	7,846,120	684,114	393,848	1,466,179	1,152,783	1,154,078	1,431,500	11	14,128,633
Liabilities									
Payables	76,893	-	47,128	-	-	-	-	-	124,021
Distribution payable	10,294	-	160,623	-	-	-	-	-	170,917
Total liabilities	87,187	-	207,751	-	-	-	-	-	294,938
Net currency exposure	7,758,933	684,114	186,097	1,466,179	1,152,783	1,154,078	1,431,500	11	

NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

8. Financial risk management (continued)

(c) Market risk - Currency risk (continued)

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 30 June 2019 and 2018 the 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 Fund. Hence, no separate sensitivity analysis on foreign currency risk has been presented.

(d) Liquidity risk

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

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

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

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

The Fund's financial liabilities are analysed using contractual undiscounted cashflows for maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date. As at 30 June 2019, all liabilities either payable on demand or are due in less than 3 months. The impact of discounting is not significant.

NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

8. Financial risk management (continued)

(d) Liquidity risk (continued)

	<u>Less than 3 months</u>	
	As at 30 June 2019 US\$	As at 30 June 2018 US\$
Payables	171,478	124,021
Distribution payable	175,502	170,917
Contractual cash outflows	346,980	294,938

(e) Credit risk

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

Concentrations of credit risk are minimised primarily by:

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

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.

NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

8. Financial risk management (continued)

(e) Credit risk (continued)

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 Fund's assets are held as at 30 June 2019 and 30 June 2018.

	Credit rating as at 30 June 2019	Credit rating as at 30 June 2018	Source of credit rating
Bank balance			
- BNP Paribas Securities Services, operating through its Singapore Branch	A+	A	Standard & Poor's
Custodian			
- BNP Paribas Securities Services, operating through its Singapore Branch	A+	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) Specific risk of real estate companies

Real estate companies are particularly vulnerable to, inter alia, the local and international economic climate, real estate market conditions such as oversupply or reduced demand for commercial and residential space, changes in market rental rates, depreciation of buildings over time, and increases in property taxes and interest rates.

As real estate investments are relatively illiquid, this affects the ability of a REIT to vary its investment portfolio or liquidate part of its assets in response to changes in economic, real estate market, interest rates or other conditions.

An increase in market interest rates may have an adverse impact on the market price of units in REITs if their annual yields give investors a lower return as compared to other investments.

To manage such risks, the Manager seeks to diversify its investments between asset class i.e. listed real estate companies and REITs, and between securities within each class i.e., residential versus commercial properties, properties situated in different geographical area etc.

NIKKO AM SHENTON GLOBAL PROPERTY SECURITIES FUND

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

8. Financial risk management (continued)

(g) Capital management

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

(h) Fair value estimation

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

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

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 30 June 2019 and 2018:

As at 30 June 2019

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Assets				
Financial assets designated at fair value through profit or loss at inception				
- Quoted equities	3,493,909	-	-	3,493,909
- Quoted investment funds	160,933	-	-	160,933
- Quoted real estate investment trusts	9,857,937	-	-	9,857,937
	13,512,779	-	-	13,512,779

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For the financial year ended 30 June 2019

8. Financial risk management (continued)

(h) Fair value estimation (continued)

As at 30 June 2018

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Assets				
Financial assets designated at fair value through profit or loss at inception				
- Quoted equities	3,994,659	-	-	3,994,659
- Quoted investment funds	72,297	-	-	72,297
- Quoted real estate investment trusts	9,798,369	-	-	9,798,369
	<u>13,865,325</u>	<u>-</u>	<u>-</u>	<u>13,865,325</u>

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

Except for cash and bank balances which are classified as level 1, the Fund's assets and liabilities not measured at fair value at 30 June 2019 and 2018 have been classified as level 2. The carrying amounts of these assets and liabilities approximate their fair values as at the Statement of Financial Position date.

9. Related party transactions

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

	2019 US\$	2018 US\$
Bank balances held with related party of the Trustee	<u>394,676</u>	210,066

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For the financial year ended 30 June 2019

10. Financial ratios

Expense ratio

SGD Class		2019	2018
Total operating expenses	US\$	239,632	298,900
Average daily net asset value	US\$	12,602,144	13,951,532
Total expense ratio¹	%	1.90	2.14

USD Class		2019	2018
Total operating expenses	US\$	16,300	17,364
Average daily net asset value	US\$	856,826	802,457
Total expense ratio¹	%	1.90	2.16

Turnover ratio

		2019	2018
Lower of total value of purchases or sales	US\$	5,631,110	7,086,969
Average daily net asset value	US\$	13,458,970	14,753,989
Total turnover ratio²	%	41.84	48.03

¹The 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.

²The 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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REPORT TO UNITHOLDERS

For the financial year ended 30 June 2019

The following contains additional information relating to the Fund.

1. Distribution of investments

Please refer to the Statement of Portfolio on pages 16 to 20.

2. Credit rating of debt securities

Nil.

3. Top 10 holdings

10 Largest holdings at 30 June 2019

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Sun Hung Kai Properties Limited	695,358	5.11
Prologis Incorporated	620,065	4.55
Dexus	594,617	4.37
Mitsui Fudosan Company Limited	557,708	4.09
Equity Residential	442,993	3.25
Simon Property Group Incorporated	440,139	3.23
Boston Properties Incorporated	368,067	2.70
Mitsubishi Estate Company Limited	353,583	2.60
Essex Property Trust Incorporated	324,944	2.39
SEGRO Public Listed Company	322,752	2.37

10 Largest holdings at 30 June 2018

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Sun Hung Kai Properties Limited	799,853	5.78
Mitsui Fudosan Company Limited	700,095	5.06
Simon Property Group Incorporated	541,864	3.92
Dexus	432,327	3.12
Prologis Incorporated	430,926	3.11
Essex Property Trust Incorporated	406,436	2.94
Mitsubishi Estate Company Limited	402,212	2.91
Unibail-Rodamco-Westfield	392,953	2.84
Alexandria Real Estate Equities Incorporated	386,080	2.79
Equity Residential	371,690	2.69

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REPORT TO UNITHOLDERS

For the financial year ended 30 June 2019

4. Exposure to financial derivatives

Nil.

5. Global exposure to financial derivatives

Nil.

6. Collateral

Nil.

7. Securities lending or repurchase transactions

Nil.

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

Please refer to the Statement of Portfolio on pages 16 to 20.

9. Borrowings

Nil.

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

US\$

Units created	1,779,032
Units cancelled	(2,283,289)

11. Turnover ratio

Please refer to Note 10 of the Notes to the Financial Statements on page 38.

12. Expense ratio

Please refer to Note 10 of the Notes to the Financial Statements on page 38.

13. Related party transactions

Please refer to Note 9 of the Notes to the Financial Statements on page 37.

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

Nil.

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