

ANNUAL REPORT

For the financial year ended 31 December 2018

**Nikko AM Shenton
Horizon Investment Funds**

MANAGERS

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

DIRECTORS

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

TRUSTEE & REGISTRAR

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

AUDITORS

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

CUSTODIAN

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

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

PERFORMANCE SUMMARY

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Horizon Global Bond Fund (S\$ Hedged)	0.06	-0.26	-0.83	1.76	2.19	3.96	2.29
Barcap Global Aggregate Index (SGD Hedged)	1.53	1.33	1.06	2.63	3.52	3.94	3.95
Nikko AM Global Dividend Equity Fund (S\$ Hedged ACC)	-11.17	-9.73	-12.43	3.51	1.37	6.55	0.81
Horizon Singapore Fixed Income Enhanced Fund	2.44	2.93	0.94	2.60	2.19	2.77	2.14
Markit iBoxx ALBI Singapore Government Bond Index	3.50	4.24	2.45	3.23	2.85	2.40	2.61
Singapore Dividend Equity Fund	-6.97	-5.24	-9.24	5.56	3.04	10.63	3.77

Source: Nikko Asset Management Asia Limited & Russell Investment Group Pte Ltd, & Markit Indices Limited. Returns as at 31 December 2018. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumptions that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Horizon Global Bond Fund (S\$ Hedged)	-4.94	-5.24	-5.79	0.03	1.14	3.42	2.02
Barcap Global Aggregate Index (SGD Hedged)	1.53	1.33	1.06	2.63	3.52	3.94	3.95
Nikko AM Global Dividend Equity Fund (S\$ Hedged ACC)	-15.61	-14.24	-16.81	1.76	0.34	6.00	0.54
Horizon Singapore Fixed Income Enhanced Fund	-2.68	-2.21	-4.11	0.86	1.15	2.25	1.87
Markit iBoxx ALBI Singapore Government Bond Index	3.50	4.24	2.45	3.23	2.85	2.40	2.61
Singapore Dividend Equity Fund	-11.62	-9.98	-13.78	3.77	1.99	10.07	3.50

Source: Nikko Asset Management Asia Limited & Russell Investment Group Pte Ltd & Markit Indices Limited. Returns as at 31 December 2018. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumptions that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Global Dividend Equity Fund (US\$ ACC)	-11.10	-9.75	-12.41	3.19	0.48	7.53	2.28
Singapore Dividend Equity Fund	-6.77	-5.25	-11.07	6.97	1.47	11.26	5.15

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2018. Returns are calculated on a NAV-NAV basis, USD, and based on the assumptions that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Global Dividend Equity Fund (US\$ ACC)	-15.55	-14.26	-16.79	1.44	-0.55	6.98	2.01
Singapore Dividend Equity Fund	-11.43	-9.99	-15.52	5.16	0.43	10.69	4.87

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2018. Returns are calculated on a NAV-NAV basis, USD, and based on the assumptions that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance..

Inception date: 2 August 1999

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Singapore Dividend Equity Fund	-9.70	-5.68	-12.50	4.77	3.31	N/A	4.50

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2018. Returns are calculated on a NAV-NAV basis, JPY, and based on the assumptions that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Singapore Dividend Equity Fund	-14.21	-10.39	-16.88	2.99	2.25	N/A	3.53

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2018. Returns are calculated on a NAV-NAV basis, JPY, and based on the assumptions that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 1 July 2013

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Singapore Dividend Equity Fund	-6.98	-3.18	-9.21	N/A	N/A	N/A	8.19

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2018. Returns are calculated on a NAV-NAV basis, MYR, and based on the assumptions that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Singapore Dividend Equity Fund	-11.63	-8.02	-13.75	N/A	N/A	N/A	6.20

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2018. Returns are calculated on a NAV-NAV basis, MYR, and based on the assumptions that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 29 March 2016

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Global Dividend Equity Fund (S\$ Hedged Dist)	-11.06	-9.71	-12.33	3.58	N/A	N/A	1.64

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2018. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumptions that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Global Dividend Equity Fund (S\$ Hedged Dist)	-15.50	-14.23	-16.71	1.82	N/A	N/A	0.56

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2018. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumptions that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 17 March 2014

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Global Dividend Equity Fund (CNH Hedged Dist)	-11.56	-10.81	-14.40	3.72	N/A	N/A	1.19

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2018. Returns are calculated on a NAV-NAV basis, CNH, and based on the assumptions that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Global Dividend Equity Fund (CNH Hedged Dist)	-15.98	-15.27	-18.68	1.96	N/A	N/A	0.11

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2018. Returns are calculated on a NAV-NAV basis, CNH, and based on the assumptions that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 1 April 2014

Note:

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

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

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

With effect from 1 December 2016, the benchmark for the Nikko AM Global Dividend Equity Fund (i.e. MSCI All Country World Index, USD base) has been removed and there will be no benchmark for this Fund. This is because pursuant to the investment objective of the Fund, the Fund is managed on a total return basis and as such, it does not seek to outperform any benchmark. Prior to 16 December 2013, the reference benchmark was a composite of Russell 1000® Net 30% Index; FTSE All Share Index; TOPIX Dividend Included Index; Russell Developed Europe ex-UK Large Cap Index (net); and Russell Asia Pacific ex Japan (All cap) Index, according to their regional weights from time to time.

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

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

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

Nikko AM Global Dividend Equity Fund

Portfolio Review

Fund returned -12.43% in SGD hedged terms in 2018

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

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

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

Market Review

High dividend equities slumped in 2018

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

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

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

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

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

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

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

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

Market Outlook and Strategy

Focus primarily on companies with Future Quality attributes

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

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

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

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

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

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

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

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

Singapore Dividend Equity Fund

Portfolio Review

Fund fell by 9.24% in SGD terms in 2018

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

Market Review

The Straits Times Index declined in 2018

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

Singapore economy grew 3.3% in 2018

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

Inflationary pressures accelerated

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

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

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

Market Outlook and Strategy

Favouring industrials and consumer staples as the economic cycle matures

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

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

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

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

Horizon Singapore Fixed Income Enhanced Fund

Portfolio Review

Fund underperformed the benchmark in 2018

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

Market Review

Yields of SGS rose in 2018

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

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

Singapore 2018 GDP growth moderated

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

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

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

Market Outlook and Strategy

A 'neutral-overweight' view on SGS

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

Holding a 'neutral' view on the Singapore Dollar

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

Horizon Global Bond Fund (S\$ Hedged)

Portfolio Review

Fund marginally underperformed the benchmark in 2018

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

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

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

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

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

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

Market Review

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

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

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

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

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

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

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

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

Market Outlook and Strategy

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

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

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

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

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

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

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

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 yield plus 1%. A 4% floor rate will be maintained for interest earned on SMRA until 31 December 2019, after which a 2.5% minimum rate will apply. An extra 1% interest is paid on the first S\$60,000 of a member's combined balances, including up to S\$20,000 in the OA. The first S\$20,000 in the OA and the first S\$40,000 in the Special Account ("SA") cannot be invested under the CPF Investment Scheme ("CPFIS").

For Hong Kong Investors

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

Nikko Asset Management Asia Limited. Registration Number 198202562H

SOFT DOLLAR COMMISSIONS/ARRANGEMENTS

Appointment of soft dollar brokers

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

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

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

Execution and allocation

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

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

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

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

The following are, however, prohibited:

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

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

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

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

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

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

Russell Investments' soft commission and commission recapture programme

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

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

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

NIKKO AM SHENTON HORIZON INVESTMENT FUNDS

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

REPORT OF THE TRUSTEE

For the financial year ended 31 December 2018

The Trustee is under a duty to take into custody and hold the assets of the sub-funds of Nikko AM Shenton Horizon Investment Funds, namely Nikko AM Global Dividend Equity Fund, Horizon Global Bond Fund (S\$ Hedged), Singapore Dividend Equity Fund and Horizon Singapore Fixed Income Enhanced Fund (collectively referred to as the "Sub-Funds") in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Sub-Funds during the financial year covered by these financial statements, set out on pages 21 to 80, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

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

Authorised signatory
27 March 2019

NIKKO AM SHENTON HORIZON INVESTMENT FUNDS

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

STATEMENT BY THE MANAGER

For the financial year ended 31 December 2018

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

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

Authorised signatory
27 March 2019

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

Our Opinion

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

What we have audited

The financial statements of the Sub-Funds comprise:

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

Basis for Opinion

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

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

Independence

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

Other Information

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

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

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

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

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Manager's responsibilities include overseeing the Sub-Funds' financial reporting process.

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

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

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

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

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

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 27 March 2019

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

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

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

The accompanying notes form an integral part of these financial statements

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

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

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

The accompanying notes form an integral part of these financial statements

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

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

The accompanying notes form an integral part of these financial statements

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

STATEMENTS OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the financial year ended 31 December 2018

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

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NIKKO AM SHENTON HORIZON INVESTMENT FUNDS
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STATEMENTS OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the financial year ended 31 December 2018

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

The accompanying notes form an integral part of these financial statements

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

STATEMENTS OF PORTFOLIO

As at 31 December 2018

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

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NIKKO AM SHENTON HORIZON INVESTMENT FUNDS
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STATEMENTS OF PORTFOLIO

As at 31 December 2018

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

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

STATEMENTS OF PORTFOLIO

As at 31 December 2018

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

The accompanying notes form an integral part of these financial statements

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

STATEMENTS OF PORTFOLIO

As at 31 December 2018

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

The accompanying notes form an integral part of these financial statements

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

STATEMENTS OF PORTFOLIO

As at 31 December 2018

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

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

STATEMENTS OF PORTFOLIO

As at 31 December 2018

Horizon Global Bond Fund (\$\$ Hedged)

By Geography (Primary)

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

By Geography (Summary)

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

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

The accompanying notes form an integral part of these financial statements

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

STATEMENTS OF PORTFOLIO

As at 31 December 2018

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

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NIKKO AM SHENTON HORIZON INVESTMENT FUNDS
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STATEMENTS OF PORTFOLIO

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

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

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

The accompanying notes form an integral part of these financial statements

NIKKO AM SHENTON HORIZON INVESTMENT FUNDS
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STATEMENTS OF PORTFOLIO

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

The accompanying notes form an integral part of these financial statements

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

The accompanying notes form an integral part of these financial statements

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

The accompanying notes form an integral part of these financial statements

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

The accompanying notes form an integral part of these financial statements

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

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

The accompanying notes form an integral part of these financial statements

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

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

1. General

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

Nikko AM Global Dividend Equity Fund

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

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

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

Horizon Global Bond Fund (S\$ Hedged)

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

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

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

NIKKO AM SHENTON HORIZON INVESTMENT FUNDS
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NOTES TO THE FINANCIAL STATEMENTS
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1. General (continued)

Singapore Dividend Equity Fund

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

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

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

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

Horizon Singapore Fixed Income Enhanced Fund

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

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

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

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

2. Significant accounting policies

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

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, and in accordance with the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

(b) Recognition of income

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

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

(c) Expenses charged to the Sub-Funds

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

(d) Investments

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

(i) *Initial recognition*

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

(ii) *Subsequent measurement*

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

(iii) *Derecognition*

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

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

2. Significant accounting policies (continued)

(e) Basis of valuation of investments

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The quoted market price used for equities securities held by the Sub-Funds is the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value. The quoted market price used for fixed income securities held by the Sub-Funds is the mid-market price for both financial assets and financial liabilities. The fair value of investments held in underlying funds is the quoted net asset value of the underlying fund as determined by the underlying fund's administrator.

(f) Receivables

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

(g) Sales and purchases awaiting settlement

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

(h) Cash and bank balances

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

(i) Payables

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

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

2. Significant accounting policies (continued)

(j) Foreign currency translation

(i) *Functional and presentation currency*

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

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

(ii) *Transactions and balances*

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

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

2. Significant accounting policies (continued)

(k) Offsetting financial instruments

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

(l) Structured entities

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

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

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

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

2. Significant accounting policies (continued)

(m) Financial derivatives

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

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

(n) Distributions

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

3. Income Tax

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

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

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

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3. Income Tax (continued)

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

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS
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4. Receivables

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

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

5. Payables

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

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5. Payables (continued)

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

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

6. Financial derivatives at fair value

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

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

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

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6. Financial derivatives at fair value (continued)

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

Financial assets and financial liabilities which are subject to enforceable master netting agreements or similar agreements for the year ended 2018 and 2017 are detailed in the following table:

Nikko AM Global Dividend Equity Fund

(i) **Offsetting financial assets**

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

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

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NOTES TO THE FINANCIAL STATEMENTS
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6. Financial derivatives at fair value (continued)

Nikko AM Global Dividend Equity Fund (continued)

(ii) Offsetting financial liabilities

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

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

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

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7. Units in issue

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

Nikko AM Global Dividend Equity Fund

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

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

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

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

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

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7. Units in issue (continued)

Nikko AM Global Dividend Equity Fund (continued)

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

[^] The net asset value for the purpose of processing unit subscription and redemption was established in accordance with the methodology indicated in the Sub-Fund's Prospectus. This item reflects the movement in net asset value between the last dealing date and the end of reporting period due to accrual of operating expenses in 2017.

Horizon Global Bond Fund (S\$ Hedged)

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

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

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

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7. Units in issue (continued)

Singapore Dividend Equity Fund

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

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

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

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

A reconciliation of the net asset value as reported in the Statement of Financial Position to the net asset value as determined for the purpose of processing unit subscription and redemption is provided below, except for JPY class as there is no difference to the net assets attributable to unitholders value per unit:

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7. Units in issue (continued)

Singapore Dividend Equity Fund (continued)

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

Horizon Singapore Fixed Income Enhanced Fund

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

A reconciliation of the net asset value as reported in the Statement of Financial Position to the net asset value as determined for the purpose of processing unit subscription and redemption is not presented as there is no difference to the net assets attributable to unitholders value per unit.

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8. Distributions

Nikko AM Global Dividend Equity Fund

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

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8. Distribution (continued)

Nikko AM Global Dividend Equity Fund (continued)

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

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8. Distribution (continued)

Singapore Dividend Equity Fund

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

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8. Distribution (continued)

Singapore Dividend Equity Fund (continued)

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

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9. Financial risk management

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

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

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

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

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

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

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

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9. Financial risk management (continued)

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

(a) Market risk - Price risk

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

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

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

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9. Financial risk management (continued)

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

Horizon Singapore Fixed Income Enhanced Fund

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

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

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

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

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9. Financial risk management (continued)

(b) Market risk - Interest rate risk

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

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

Sub-Funds that invest in equity securities may be subject to interest rate risk as any interest rate change may affect the equity risk premium though at varying degrees. To manage this risk, the Manager analyses how changes in the interest rate may affect different industries and securities and scales to adjust the respective Sub-Fund's portfolio investment accordingly.

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

Horizon Singapore Fixed Income Enhanced Fund

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

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

As at 31 December 2018

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

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9. Financial risk management (continued)

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

As at 31 December 2017

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

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

(c) Market risk - Currency risk

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

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

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9. Financial risk management (continued)

(c) Market risk - Currency risk (continued)

Nikko AM Global Dividend Equity Fund

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

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9. Financial risk management (continued)

(c) Market risk - Currency risk (continued)

Nikko AM Global Dividend Equity Fund (continued)

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

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

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

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9. Financial risk management (continued)

(c) Market risk - Currency risk (continued)

Horizon Global Bond Fund (S\$ Hedged)

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

**Net off-balance sheet
derivative**

financial instruments	21,100,015	(10,338,064)	(3,872,240)	(1,100,684)	(5,611,204)	
Net currency exposure	21,132,895	12,267,756	(3,871,992)	(1,100,684)	(5,611,204)	

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

**Net off-balance sheet
derivative**

financial instruments	23,263,029	(11,262,426)	(4,114,135)	(1,313,655)	(6,401,594)	
Net currency exposure	23,569,092	14,227,626	(4,113,898)	(1,313,655)	(6,401,594)	

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

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

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

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9. Financial risk management (continued)

(c) Market risk - Currency risk (continued)

Singapore Dividend Equity Fund

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

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

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

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

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9. Financial risk management (continued)

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

Horizon Singapore Fixed Income Enhanced Fund

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

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

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

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

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

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

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

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

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9. Financial risk management (continued)

(d) Market risk - Liquidity risk (continued)

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

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

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

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

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9. Financial risk management (continued)

(e) Credit risk

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

Concentrations of credit risk are minimised primarily by:

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

The table below analyses the Sub-Fund's investments by credit ratings. The credit ratings are reviewed regularly.

Horizon Singapore Fixed Income Enhanced Fund

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

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

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9. Financial risk management (continued)

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

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

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

Nikko AM Global Dividend Equity Fund

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

Horizon Global Bond Fund (\$\$ Hedged)

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

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

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9. Financial risk management (continued)

(e) Credit risk (continued)

Singapore Dividend Equity Fund

	Credit Rating as at 31 December 2018	Credit rating as at 31 December 2017	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

Horizon Singapore Fixed Income Enhanced Fund

	Credit Rating as at 31 December 2018	Credit rating as at 31 December 2017	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) Capital management

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

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9. Financial risk management (continued)

(g) Fair value estimation

The Sub-Funds classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

Nikko AM Global Dividend Equity Fund

As at 31 December 2018

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

As at 31 December 2017

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

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9. Financial risk management (continued)

(g) Fair value estimation (continued)

Horizon Global Bond Fund (S\$ Hedged)

As at 31 December 2018

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

As at 31 December 2017

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

Singapore Dividend Equity Fund

As at 31 December 2018

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

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9. Financial risk management (continued)

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

Singapore Dividend Equity Fund (continued)

As at 31 December 2017

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

Horizon Singapore Fixed Income Enhanced Fund

As at 31 December 2018

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

As at 31 December 2017

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

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active investment funds. Investments in open-ended investment funds whose net asset value is struck daily, price information is published and readily available and units are subscribed and redeemable on demand at the published price, are classified within level 1. The Sub-Funds do not adjust the quoted price for these instruments.

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

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

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

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

9. Financial risk management (continued)

(h) Interests in unconsolidated structured entities

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

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

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

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

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

10. Related party transactions

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

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

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

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

11. Financial ratios

Expense ratio

Nikko AM Global Dividend Equity Fund

SGD Hedged (Acc) Class		2018	2017
Total operating expenses	US\$	1,147,155	1,209,172
Average daily net asset value	US\$	66,672,406	70,103,367
Total expense ratio¹	%	1.72	1.72

SGD Hedged (Dist) Class		2018	2017
Total operating expenses	US\$	163,160	159,071
Average daily net asset value	US\$	9,302,328	9,013,095
Total expense ratio¹	%	1.75	1.76

USD (Acc) Class		2018	2017
Total operating expenses	US\$	10,801	11,577
Average daily net asset value	US\$	424,654	469,658
Total expense ratio¹	%	2.54	2.47

CNH Hedged (Dist) Class		2018	2017
Total operating expenses	US\$	5,089	6,890
Average daily net asset value	US\$	88,911	192,958
Total expense ratio¹	%	5.72	3.57

Horizon Global Bond Fund (S\$ Hedged)		2018	2017
Total operating expenses	S\$	213,125	222,118
Average daily net asset value	S\$	24,510,455	26,281,939
Total expense ratio¹ (including underlying fund's expense ratio)	%	1.58	1.57
Weighted average of the underlying fund's unaudited expense ratio	%	0.71	0.72

Singapore Dividend Equity Fund

SGD class		2018	2017
Total operating expenses	S\$	2,372,877	2,079,252
Average daily net asset value	S\$	154,441,795	137,900,100
Total expense ratio¹	%	1.54	1.51

JPY Class		2018	2017
Total operating expenses	S\$	3,127	1,514
Average daily net asset value	S\$	564,205	286,732
Total expense ratio¹	%	0.55	0.53

USD Class		2018	2017
Total operating expenses	S\$	61,739	38,702
Average daily net asset value	S\$	4,011,271	2,560,751
Total expense ratio¹	%	1.54	1.51

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

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

11. Financial ratios (continued)

Expense ratio (continued)

Singapore Dividend Equity Fund (continued)

MYR Class		2018	2017
Total operating expenses	S\$	100,498	48,497
Average daily net asset value	S\$	6,537,263	3,204,390
Total expense ratio¹	%	1.54	1.51

Horizon Singapore Fixed Income Enhanced Fund

		2018	2017
Total operating expenses	S\$	323,048	306,234
Average daily net asset value	S\$	25,398,309	24,181,154
Total expense ratio¹	%	1.27	1.27

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

Turnover ratio

Nikko AM Global Dividend Equity Fund

		2018	2017
Lower of total value of purchases or sales	US\$	20,005,470	16,758,885
Average daily net asset value	US\$	76,488,300	79,779,078
Total turnover ratio²	%	26.15	21.01

Horizon Global Bond Fund (S\$ Hedged)

		2018	2017
Lower of total value of purchases or sales	S\$	1,409,784	2,888,828
Average daily net asset value	S\$	24,510,455	26,281,939
Total turnover ratio²	%	5.75	10.99

Singapore Dividend Equity Fund

		2018	2017
Lower of total value of purchases or sales	S\$	35,809,333	64,934,738
Average daily net asset value	S\$	165,554,534	143,951,974
Total turnover ratio²	%	21.63	45.11

Horizon Singapore Fixed Income Enhanced Fund

		2018	2017
Lower of total value of purchases or sales	S\$	19,881,978	43,275,633
Average daily net asset value	S\$	25,398,309	24,181,154
Total turnover ratio²	%	78.28	178.96

² The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, divided by the average daily net asset value.

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

REPORT TO UNITHOLDERS

For the financial year ended 31 December 2018

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

1. Distribution of investments

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

2. Credit rating of debt securities

Horizon Singapore Fixed Income Enhanced Fund

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

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

REPORT TO UNITHOLDERS

For the financial year ended 31 December 2018

3. Top 10 holdings

Nikko AM Global Dividend Equity Fund

10 Largest holdings at 31 December 2018

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

10 Largest holdings at 31 December 2017

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

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

REPORT TO UNITHOLDERS

For the financial year ended 31 December 2018

3. Top 10 holding (continued)

Horizon Global Bond Fund (S\$ Hedged)

Largest holdings at 31 December 2018

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

Largest holdings at 31 December 2017

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

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

REPORT TO UNITHOLDERS

For the financial year ended 31 December 2018

3. Top 10 holding (continued)

Singapore Dividend Equity Fund

10 Largest holdings at 31 December 2018

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

10 Largest holdings at 31 December 2017

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

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

REPORT TO UNITHOLDERS

For the financial year ended 31 December 2018

3. Top 10 holding (continued)

Horizon Singapore Fixed Income Enhanced Fund

10 Largest holdings at 31 December 2018

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

10 Largest holdings at 31 December 2017

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

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

REPORT TO UNITHOLDERS

For the financial year ended 31 December 2018

4. Exposure to financial derivatives

Nikko AM Global Dividend Equity Fund

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

Horizon Global Bond Fund (S\$ Hedged)

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

5. Global exposure to financial derivatives

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

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

6. Collateral

Nil.

7. Securities lending or repurchase transactions

Nil.

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

REPORT TO UNITHOLDERS

For the financial year ended 31 December 2018

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

Nikko AM Global Dividend Equity Fund

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

Horizon Global Bond Fund (S\$ Hedged)

Please refer to the Statements of Portfolio on page 31.

Singapore Dividend Equity Fund

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

9. Borrowings

Nil.

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

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

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

11. Turnover ratio

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

12. Expense ratio

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

13. Related party transactions

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

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

Nil

NIKKO AM SHENTON HORIZON INVESTMENT FUNDS

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

REPORT TO UNITHOLDERS

For the financial year ended 31 December 2018

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

1. Top 10 Holdings

10 Largest holdings at 31 December 2018

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

10 Largest holdings at 31 December 2017

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

2. Financial Ratios

	2018 %	2017 %
Expense ratio ^{Note}	0.73	0.75
Turnover ratio	305.98	318.00

^{Note} The expense ratio has been computed based on the total operating expenses divided by the average net asset value for the period. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The average net asset value is based on the daily balances.

12 Marina View, #18-02 Asia Square Tower 2, Singapore 018961
Intermediaries Hotline: 1800 535 8025 / 65 6535 8025
Website: www.nikkoam.com.sg

Company registration number 198202562H

SEMI-ANNUAL REPORT

For the financial period ending 30 June 2018

**Nikko AM Shenton
Horizon Investment Funds**

MANAGERS

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

DIRECTORS

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

TRUSTEE & REGISTRAR

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

AUDITORS

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

CUSTODIAN

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

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

PERFORMANCE SUMMARY

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Horizon Global Bond Fund (S\$ Hedged)	-0.89	-0.58	-0.32	1.82	2.36	3.63	2.37
Barcap Global Aggregate Index (SGD Hedged)	-0.01	-0.26	1.11	2.88	3.46	4.28	3.99
Nikko AM Global Dividend Equity Fund (S\$ Hedged ACC)	-0.31	-3.00	3.27	5.08	6.66	3.36	1.38
Horizon Singapore Fixed Income Enhanced Fund	-0.68	-1.94	-0.88	1.91	1.77	2.28	2.04
Markit iBoxx ALBI Singapore Government Bond Index	-0.48	-1.72	-1.12	2.37	2.08	2.84	2.45
Singapore Dividend Equity Fund	-5.50	-4.22	5.74	3.78	4.42	4.81	4.17

Source: Nikko Asset Management Asia Limited & Russell Investment Group Pte Ltd, returns as at 30 June 2018. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumptions that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Horizon Global Bond Fund (S\$ Hedged)	-5.85	-5.55	-5.30	0.09	1.31	3.10	2.09
Barcap Global Aggregate Index (SGD Hedged)	-0.01	-0.26	1.11	2.88	3.46	4.28	3.99
Nikko AM Global Dividend Equity Fund (S\$ Hedged ACC)	-5.29	-7.85	-1.89	3.30	5.57	2.83	1.10
Horizon Singapore Fixed Income Enhanced Fund	-5.64	-6.84	-5.84	0.18	0.73	1.76	1.77
Markit iBoxx ALBI Singapore Government Bond Index	-0.48	-1.72	-1.12	2.37	2.08	2.84	2.45
Singapore Dividend Equity Fund	-10.23	-9.00	0.45	2.02	3.35	4.27	3.89

Source: Nikko Asset Management Asia Limited & Russell Investment Group Pte Ltd, returns as at 30 June 2018. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumptions that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Global Dividend Equity Fund (US\$ ACC)	-0.20	-2.96	3.25	4.43	5.89	3.70	2.90
Singapore Dividend Equity Fund	-9.14	-6.14	6.73	3.34	2.92	4.77	5.59

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2018. Returns are calculated on a NAV-NAV basis, USD, and based on the assumptions that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Global Dividend Equity Fund (US\$ ACC)	-5.19	-7.81	-1.91	2.65	4.81	3.17	2.62
Singapore Dividend Equity Fund	-13.68	-10.84	1.39	1.59	1.87	4.23	5.30

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2018. Returns are calculated on a NAV-NAV basis, USD, and based on the assumptions that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 2 August 1999

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Singapore Dividend Equity Fund	-5.05	-7.24	6.29	0.95	N/A	N/A	6.20

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2018. Returns are calculated on a NAV-NAV basis, JPY, and based on the assumptions that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Singapore Dividend Equity Fund	-9.80	-11.87	0.97	-0.76	N/A	N/A	5.11

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2018. Returns are calculated on a NAV-NAV basis, JPY, and based on the assumptions that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 1 July 2013

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Singapore Dividend Equity Fund	-4.99	-6.23	0.44	N/A	N/A	N/A	11.71

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2018. Returns are calculated on a NAV-NAV basis, MYR, and based on the assumptions that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Singapore Dividend Equity Fund	-9.74	-10.92	-4.59	N/A	N/A	N/A	9.20

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2018. Returns are calculated on a NAV-NAV basis, MYR, and based on the assumptions that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 29 March 2016

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Global Dividend Equity Fund (S\$ Hedged Dist)	-0.18	-2.90	3.38	5.09	N/A	N/A	4.29

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2018. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumptions that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Global Dividend Equity Fund (S\$ Hedged Dist)	-5.17	-7.75	-1.79	3.31	N/A	N/A	3.05

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2018. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumptions that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 17 March 2014

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Global Dividend Equity Fund (CNH Hedged Dist)	-0.64	-4.02	2.36	5.82	N/A	N/A	4.10

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2018. Returns are calculated on a NAV-NAV basis, CNH, and based on the assumptions that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Global Dividend Equity Fund (CNH Hedged Dist)	-5.61	-8.82	-2.76	4.02	N/A	N/A	2.85

Source: Nikko Asset Management Asia Limited, returns as at 30 June 2018. Returns are calculated on a NAV-NAV basis, CNH, and based on the assumptions that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 1 April 2014**Note:**

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

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

With effect from 1 December 2016, the benchmark for the Nikko AM Global Dividend Equity Fund (i.e. MSCI All Country World Index, USD base) has been removed and there will be no benchmark for this Fund. This is because pursuant to the investment objective of the Fund, the Fund is managed on a total return basis and as such, it does not seek to outperform any benchmark. Prior to 16 December 2013, the reference benchmark was a composite of Russell 1000® Net 30% Index; FTSE All Share Index; TOPIX Dividend Included Index; Russell Developed Europe ex-UK Large Cap Index (net); and Russell Asia Pacific ex Japan (All cap) Index, according to their regional weights from time to time.

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

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

Nikko AM Global Dividend Equity Fund

Portfolio Review

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

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

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

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

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

Market Review

Higher yielding equities under pressure in 1H2018

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

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

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

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

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

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

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

Market Outlook and Strategy

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

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

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

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

Singapore Dividend Equity Fund

Portfolio Review

Fund returned -4.22% in SGD terms in 1H2018

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

Market Review

The Straits Times Index declined in 1H18

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

Singapore economy grew 4.4% in the first quarter of 2018

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

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

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

Inflationary pressures remained subdued

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

Budget 2018 set out an expansionary fiscal policy

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

Market Outlook and Strategy

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

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

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

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

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

Horizon Singapore Fixed Income Enhanced Fund

Portfolio Review

Fund underperformed the benchmark in 1H2018

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

Market Review

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

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

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

Singapore economy grows 4.4% in the first quarter of 2018

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

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Inflationary pressures remained subdued

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Market Outlook and Strategy

‘Neutral-overweight’ view on SGS

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

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

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

Horizon Global Bond Fund (S\$ Hedged)

Portfolio Review

Fund underperformed the benchmark in 1H2018

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

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

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

Market Review

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

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

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

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

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

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

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

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

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

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

Market Outlook and Strategy

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

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

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

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

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

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

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

For Hong Kong Investors

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

Nikko Asset Management Asia Limited. Registration Number 198202562H

SOFT DOLLAR COMMISSIONS/ARRANGEMENTS

Appointment of soft dollar brokers

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

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

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

Execution and allocation

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

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

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

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

The following are, however, prohibited:

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

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

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

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

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

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

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

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

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

STATEMENTS OF TOTAL RETURN

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

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

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

STATEMENTS OF TOTAL RETURN

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

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

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

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2018 (unaudited)

	Nikko AM Global Dividend Equity Fund		Horizon Global Bond Fund (S\$ Hedged)	
	30 June 2018 US\$	31 December 2017 US\$	30 June 2018 S\$	31 December 2017 S\$
ASSETS				
Portfolio of investments	76,157,064	80,598,159	23,684,476	25,001,997
Sales awaiting settlement	-	-	-	3,502
Receivables	358,931	158,987	-	-
Cash and bank balances	1,770,382	1,337,436	936,880	1,089,721
Financial derivatives at fair value	-	751,369	36,603	235,851
Total assets	78,286,377	82,845,951	24,657,959	26,331,071
LIABILITIES				
Payables	568,149	464,350	69,050	74,953
Purchases awaiting settlement	-	-	-	223,915
Distribution payable	33,559	33,896	-	-
Financial derivatives at fair value	1,698,550	-	274,381	64,632
Total liabilities	2,300,258	498,246	343,431	363,500
EQUITY				
Net assets attributable to unitholders	75,986,119	82,347,705	24,314,528	25,967,571
	Singapore Dividend Equity Fund		Horizon Singapore Fixed Income Enhanced Fund	
	30 June 2018 S\$	31 December 2017 S\$	30 June 2018 S\$	31 December 2017 S\$
ASSETS				
Portfolio of investments	152,332,962	144,235,878	24,324,768	23,688,531
Sales awaiting settlement	3,549	-	-	-
Receivables	1,860,821	534,284	12,405	19,392
Cash and bank balances	10,440,947	3,143,691	1,138,765	990,856
Total assets	164,638,279	147,913,853	25,475,938	24,698,779
LIABILITIES				
Payables	1,046,587	1,302,402	94,169	93,425
Purchases awaiting settlement	1,169,249	-	461,860	520,637
Distribution payable	692,158	610,025	-	-
Total liabilities	2,907,994	1,912,427	556,029	614,062
EQUITY				
Net assets attributable to unitholders	161,730,285	146,001,426	24,919,909	24,084,717

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

STATEMENTS OF MOVEMENTS OF UNITHOLDERS' FUNDS
For the financial period from 01 January 2018 to 30 June 2018 (unaudited)

	Nikko AM Global Dividend Equity Fund		Horizon Global Bond Fund (S\$ Hedged)	
	30 June 2018 US\$	31 December 2017 US\$	30 June 2018 S\$	31 December 2017 S\$
Net assets attributable to unitholders at the beginning of the financial period/year	82,347,705	77,487,323	25,967,571	26,113,545
Operations				
Change in net assets attributable to unitholders resulting from operations	(3,828,852)	18,755,209	(196,572)	645,287
Unitholders' contributions/ (withdrawals)				
Creation of units	4,113,526	3,940,306	1,319,523	2,888,187
Cancellation of units	(6,439,079)	(17,376,536)	(2,775,994)	(3,679,448)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(2,325,553)	(13,436,230)	(1,456,471)	(791,261)
Distributions	(207,181)	(458,597)	-	-
Total increase/(decrease) in net assets attributable to unitholders	(6,361,586)	4,860,382	(1,653,043)	(145,974)
Net assets attributable to unitholders at the end of the financial period/year	75,986,119	82,347,705	24,314,528	25,967,571

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

STATEMENTS OF MOVEMENTS OF UNITHOLDERS' FUNDS
For the financial period from 01 January 2018 to 30 June 2018 (unaudited)

	Singapore Dividend Equity Fund		Horizon Singapore Fixed Income Enhanced Fund	
	30 June 2018 S\$	31 December 2017 S\$	30 June 2018 S\$	31 December 2017 S\$
Net assets attributable to unitholders at the beginning of the financial period/year	146,001,426	135,106,557	24,084,717	24,096,998
Operations				
Change in net assets attributable to unitholders resulting from operations	(7,572,052)	31,104,492	(533,304)	1,070,221
Unitholders' contributions/ (withdrawals)				
Creation of units	45,538,279	45,606,498	4,652,161	1,544,819
Cancellation of units	(18,221,127)	(58,588,151)	(3,283,665)	(2,627,321)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	27,317,152	(12,981,653)	1,368,496	(1,082,502)
Distributions	(4,016,241)	(7,227,970)	-	-
Total increase/(decrease) in net assets attributable to unitholders	15,728,859	10,894,869	835,192	(12,281)
Net assets attributable to unitholders at the end of the financial period/year	161,730,285	146,001,426	24,919,909	24,084,717

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

STATEMENT OF PORTFOLIO

As at 30 June 2018 (unaudited)

Nikko AM Global Dividend Equity Fund

By Geography (Primary)

	Holdings at 30 June 2018	Fair value at 30 June 2018 US\$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
Quoted Equities			
AUSTRALIA			
Ancor Limited	108,839	1,158,810	1.53
Macquarie Group Limited	36,697	3,352,650	4.41
Total AUSTRALIA		4,511,460	5.94
BRITAIN			
Astrazeneca Public Listed Company	27,140	1,882,212	2.48
BAE Systems Public Listed Company	312,246	2,672,952	3.52
British American Tobacco Public Listed Company	22,348	1,127,457	1.47
Johnson Matthey Public Listed Company	44,930	2,146,724	2.83
Prudential Public Listed Company	121,987	2,793,438	3.68
Unilever Public Listed Company	55,012	3,044,598	4.01
Total BRITAIN		13,667,381	17.99
CANADA			
Toronto-Dominion Bank	40,308	2,331,554	3.07
Total CANADA		2,331,554	3.07
DENMARK			
Tryg	60,664	1,421,185	1.87
Total DENMARK		1,421,185	1.87
FINLAND			
Fortum OYJ	33,921	812,288	1.07
Total FINLAND		812,288	1.07
FRANCE			
Schneider Electric SE	14,101	1,175,832	1.55
Total FRANCE		1,175,832	1.55
GERMANY			
BASF SE	9,369	897,965	1.18
Deutsche Telekom AG	64,559	1,000,238	1.32
Siemens AG	21,506	2,844,888	3.74
Total GERMANY		4,743,091	6.24
JAPAN			
Amada Holdings Company Limited	133,600	1,284,557	1.69
Daiwa House Industry Company Limited	44,400	1,513,604	1.99
Tokyo Electron Limited	5,900	1,013,118	1.34
Total JAPAN		3,811,279	5.02

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

STATEMENT OF PORTFOLIO
As at 30 June 2018 (unaudited)

Nikko AM Global Dividend Equity Fund

By Geography (Primary) (continued)

	Holdings at 30 June 2018	Fair value at 30 June 2018 US\$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
Quoted Equities (continued)			
NETHERLANDS			
ING Groep NV	113,324	1,631,136	2.15
Koninklijke Philips NV	32,917	1,399,895	1.84
Total NETHERLANDS		3,031,031	3.99
NORWAY			
Marine Harvest ASA	81,449	1,620,905	2.13
Total NORWAY		1,620,905	2.13
SINGAPORE			
DBS Group Holdings Limited	51,800	1,010,929	1.33
Total SINGAPORE		1,010,929	1.33
SPAIN			
Bankinter SA	209,092	2,036,495	2.68
Total SPAIN		2,036,495	2.68
SWEDEN			
Nordea Bank AB	121,789	1,174,054	1.54
Swedbank AB	46,633	1,000,321	1.32
Total SWEDEN		2,174,375	2.86
SWITZERLAND			
Roche Holding AG	7,061	1,568,318	2.06
Total SWITZERLAND		1,568,318	2.06
TAIWAN			
CTBC Financial Holding Company Limited	1,744,000	1,255,582	1.65
Taiwan Semiconductor Manufacturing Company Limited	194,000	1,377,601	1.81
Total TAIWAN		2,633,183	3.46
UNITED STATES OF AMERICA			
AbbVie Incorporated	23,548	2,182,664	2.87
AT&T Incorporated	49,139	1,577,853	2.07
Cedar Fair LP	38,135	2,400,598	3.16
Chevron Corporation	20,237	2,558,564	3.37
Cisco Systems Incorporated	55,981	2,408,862	3.17
Coca-Cola Company	69,561	3,050,945	4.02
Microsoft Corporation	15,539	1,532,301	2.02
Occidental Petroleum Corporation	20,800	1,740,544	2.29

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

STATEMENT OF PORTFOLIO

As at 30 June 2018 (unaudited)

Nikko AM Global Dividend Equity Fund

By Geography (Primary) (continued)

	Holdings at 30 June 2018	Fair value at 30 June 2018 US\$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
Quoted Equities (continued)			
UNITED STATES OF AMERICA (continued)			
Pfizer Incorporated	72,876	2,644,670	3.48
Philip Morris International Incorporated	31,558	2,547,993	3.35
Six Flags Entertainment Corporation	33,285	2,331,614	3.07
Total UNITED STATES OF AMERICA		<u>24,976,608</u>	<u>32.87</u>
Total Quoted Equities		<u>71,525,914</u>	<u>94.13</u>
Quoted Real Estate Investment Trusts			
SPAIN			
Merlin Properties Socimi SA	151,722	2,206,317	2.90
Total SPAIN		<u>2,206,317</u>	<u>2.90</u>
UNITED STATES OF AMERICA			
Digital Realty Trust Incorporated	21,724	2,424,833	3.19
Total UNITED STATES OF AMERICA		<u>2,424,833</u>	<u>3.19</u>
Total Quoted Real Estate Investment Trusts		<u>4,631,150</u>	<u>6.09</u>
Portfolio of investments		76,157,064	100.22
Other net assets		(170,945)	(0.22)
Net assets attributable to unitholders		<u>75,986,119</u>	<u>100.00</u>

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

STATEMENT OF PORTFOLIO

As at 30 June 2018 (unaudited)

Nikko AM Global Dividend Equity Fund

By Geography (Summary)

	Percentage of total net assets attributable to unitholders at 30 June 2018 %	Percentage of total net assets attributable to unitholders at 31 December 2017 %
Quoted Equities		
Australia	5.94	5.07
Britain	17.99	14.66
Canada	3.07	5.32
Denmark	1.87	-
Finland	1.07	-
France	1.55	-
Germany	6.24	7.68
Japan	5.02	7.27
Netherlands	3.99	4.90
Norway	2.13	1.68
Singapore	1.33	-
Spain	2.68	2.86
Sweden	2.86	5.13
Switzerland	2.06	2.71
Taiwan	3.46	4.26
United States of America	32.87	30.82
Total Quoted Equities	94.13	92.36
Quoted Real Estate Investment Trusts		
Spain	2.90	2.50
United States of America	3.19	3.01
Total Quoted Real Estate Investment Trusts	6.09	5.51
Quoted Derivatives		
United States of America	-	0.01
Total Quoted Derivatives	-	0.01
Portfolio of investments	100.22	97.88
Other net assets	(0.22)	2.12
Net assets attributable to unitholders	100.00	100.00

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

STATEMENT OF PORTFOLIO

As at 30 June 2018 (unaudited)

Nikko AM Global Dividend Equity Fund

By Industry (Secondary)

	Fair value at 30 June 2018 US\$	Percentage of total net assets attributable to unitholders at 30 June 2018 %	Percentage of total net assets attributable to unitholders at 31 December 2017 %
Aerospace/Defense	2,672,952	3.52	2.94
Agriculture	3,675,450	4.84	5.14
Auto Parts & Equipment	-	-	2.56
Banks	12,537,139	16.50	16.87
Beverages	3,050,945	4.02	2.72
Chemicals	3,044,689	4.01	4.06
Cosmetics/Personal Care	3,044,598	4.01	-
Diversified Financial Services	1,255,582	1.65	2.44
Electric	812,288	1.07	-
Electrical Component & Equipment	1,175,832	1.55	-
Electronics	1,399,895	1.84	2.37
Entertainment	4,732,212	6.23	5.70
Food	1,620,905	2.13	1.69
Home Builders	1,513,604	1.99	2.50
Insurance	4,214,623	5.55	3.82
Machinery-Diversified	1,284,557	1.69	2.21
Miscellaneous Manufacture	2,844,888	3.74	3.97
Oil and Gas	4,299,108	5.66	4.94
Packaging & Containers	1,158,810	1.52	1.60
Pharmaceuticals	8,277,864	10.89	10.97
Pipelines	-	-	2.44
Real Estate Investment Trusts (REITS)	4,631,150	6.09	5.51
Semiconductors	2,390,719	3.15	1.82
Software	1,532,301	2.01	5.84
Telecommunications	4,986,953	6.56	5.77
Portfolio of investments	76,157,064	100.22	97.88
Other net assets	(170,945)	(0.22)	2.12
Net assets attributable to unitholders	75,986,119	100.00	100.00

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

STATEMENT OF PORTFOLIO

As at 30 June 2018 (unaudited)

Horizon Global Bond Fund (S\$ Hedged)

By Geography (Primary)

	Holdings at 30 June 2018	Fair value at 30 June 2018 S\$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
Quoted Investment Fund			
IRELAND			
Russell Investment Company PLC - Russell Global Bond Fund (Class A)	59,156	23,684,476	97.41
Total IRELAND		23,684,476	97.41
Total Quoted Investment Fund		23,684,476	97.41
Portfolio of investments		23,684,476	97.41
Other net assets		630,052	2.59
Net assets attributable to unitholders		24,314,528	100.00

By Geography (Summary)

	Percentage of total net assets attributable to unitholders at 30 June 2018 %	Percentage of total net assets attributable to unitholders at 31 December 2017 %
Quoted Investment Fund		
Ireland	97.41	96.28
Total Quoted Investment Fund	97.41	96.28
Portfolio of investments	97.41	96.28
Other net assets	2.59	3.72
Net assets attributable to unitholders	100.00	100.00

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

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

STATEMENT OF PORTFOLIO

As at 30 June 2018 (unaudited)

Singapore Dividend Equity Fund

By Geography (Primary)

	Holdings at 30 June 2018	Fair value at 30 June 2018 S\$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
Quoted Equities			
BERMUDA ISLANDS			
Hongkong Land Holdings Limited	355,700	3,467,717	2.15
Valuetronics Holdings Limited	2,144,410	1,426,033	0.88
Total BERMUDA ISLANDS		4,893,750	3.03
ISLE OF MAN			
Genting Singapore Limited	3,041,400	3,710,508	2.29
Total ISLE OF MAN		3,710,508	2.29
SINGAPORE			
Banyan Tree Holdings Limited	1,934,500	1,025,285	0.63
Bukit Sembawang Estates Limited	305,800	1,767,524	1.09
Bumitama Agri Limited	1,433,200	888,584	0.55
Capitaland Limited	285,700	902,812	0.56
City Developments Limited	106,600	1,165,138	0.72
CSE Global Limited	2,861,200	1,230,316	0.76
DBS Group Holdings Limited	542,100	14,425,281	8.92
Frasers Property Limited	411,300	678,645	0.42
Geo Energy Resources Limited	3,032,500	651,988	0.40
Health Management International Limited	3,417,145	2,033,201	1.26
Hong Leong Finance Limited	311,200	824,680	0.51
Hyphens Pharma International Limited	5,000,400	1,100,088	0.68
Japfa Limited	2,310,200	1,466,977	0.92
Jumbo Group Limited	4,094,900	2,190,772	1.35
Keppel Corporation Limited	1,305,300	9,332,895	5.77
Keppel Telecommunications & Transportation Limited	967,400	1,412,404	0.87
Oversea-Chinese Banking Corporation Limited	1,261,500	14,683,860	9.08
Propnex Limited	1,779,800	1,156,870	0.72
RE&S Holdings Limited	1,166,200	198,254	0.13
SATS Limited	883,200	4,416,000	2.73
Sembcorp Industries Limited	766,300	2,107,325	1.30
Sheng Siong Group Limited	1,576,600	1,671,195	1.03
SIA Engineering Company Limited	491,600	1,543,624	0.95
Singapore Airlines Limited	570,300	6,096,507	3.77
Singapore Exchange Limited	212,500	1,523,625	0.94
Singapore Technologies Engineering Limited	847,900	2,789,591	1.72
Singapore Telecommunications Limited	1,576,800	4,856,544	3.00
United Overseas Bank Limited	538,200	14,402,232	8.91

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

STATEMENT OF PORTFOLIO

As at 30 June 2018 (unaudited)

Singapore Dividend Equity Fund			
By Geography (Primary) (continued)	Holdings at 30 June 2018	Fair value at 30 June 2018 S\$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
Quoted Equities (continued)			
SINGAPORE (continued)			
UOL Group Limited	204,900	1,561,338	0.97
Venture Corporation Limited	263,200	4,695,488	2.90
Wheelock Properties Singapore Limited	426,600	695,358	0.43
Wilmar International Limited	580,300	1,775,718	1.10
Wing Tai Holdings Limited	1,006,200	2,002,338	1.24
Yangzijiang Shipbuilding Holdings Limited	4,194,200	3,795,751	2.35
Total SINGAPORE		111,068,208	68.68
THAILAND			
Thai Beverage Public Company Limited	6,209,100	4,470,552	2.76
Total THAILAND		4,470,552	2.76
Total Quoted Equities		124,143,018	76.76
Quoted Investment Fund			
SINGAPORE			
Keppel Infrastructure Trust	4,052,600	2,107,352	1.30
Netlink NBN Trust	3,626,700	2,683,758	1.66
Total SINGAPORE		4,791,110	2.96
Total Quoted Investment Fund		4,791,110	2.96
Quoted Real Estate Investment Trusts			
HONG KONG SAR			
Champion REIT	2,674,000	2,421,227	1.50
Link REIT	214,000	2,664,810	1.65
Total HONG KONG SAR		5,086,037	3.15
SINGAPORE			
Cache Logistics Trust	969,252	746,324	0.46
CDL Hospitality Trusts	1,355,800	2,128,606	1.32
Far East Hospitality Trust	4,648,100	2,951,544	1.82
Frasers Logistics & Industrial Trust	2,622,840	2,753,982	1.70
Keppel DC REIT	2,724,122	3,704,806	2.29
Keppel-KBS US REIT	884,200	1,060,931	0.66
Mapletree Logistics Trust	2,909,200	3,578,316	2.21
Parkway Life Real Estate Investment Trust	510,400	1,388,288	0.86
Total SINGAPORE		18,312,797	11.32
Total Quoted Real Estate Investment Trusts		23,398,834	14.47
Portfolio of investments		152,332,962	94.19
Other net assets		9,397,323	5.81
Net assets attributable to unitholders		161,730,285	100.00

NIKKO AM SHENTON HORIZON INVESTMENT FUNDS
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STATEMENT OF PORTFOLIO

As at 30 June 2018 (unaudited)

Singapore Dividend Equity Fund

By Geography (Summary)

	Percentage of total net assets attributable to unitholders at 30 June 2018 %	Percentage of total net assets attributable to unitholders at 31 December 2017 %
Quoted Equities		
Bermuda Islands	3.03	5.01
Isle of Man	2.29	1.10
Singapore	68.68	66.69
Thailand	2.76	2.87
Total Quoted Equities	76.76	75.67
Quoted Investment Fund		
Singapore	2.96	3.67
Total Quoted Investment Fund	2.96	3.67
Quoted Real Estate Investment Trusts		
Hong Kong SAR	3.15	3.61
Singapore	11.32	15.84
Total Quoted Real Estate Investment Trusts	14.47	19.45
Portfolio of investments	94.19	98.79
Other net assets	5.81	1.21
Net assets attributable to unitholders	100.00	100.00

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

STATEMENT OF PORTFOLIO

As at 30 June 2018 (unaudited)

Singapore Dividend Equity Fund

By Industry (Secondary)

	Fair value at 30 June 2018 S\$	Percentage of total net assets attributable to unitholders at 30 June 2018 %	Percentage of total net assets attributable to unitholders at 31 December 2017 %
Agriculture	2,355,561	1.46	1.65
Airlines	6,096,507	3.77	-
Banks	43,511,373	26.90	31.10
Beverages	4,470,552	2.76	2.87
Coal	651,988	0.40	-
Commercial Services	1,543,624	0.95	-
Computers	1,230,316	0.76	-
Diversified Financial Services	2,348,305	1.45	0.98
Electric	2,107,325	1.30	-
Electronics	6,121,521	3.79	6.13
Engineering and Construction	7,205,591	4.46	5.04
Entertainment	3,710,508	2.29	1.10
Food	1,775,718	1.10	1.02
Food Service	198,254	0.13	0.21
Gas	2,107,352	1.30	1.60
Healthcare-Services	2,033,201	1.26	1.54
Holding Companies-Diversified	9,332,895	5.77	6.46
Lodging	2,190,423	1.35	0.91
Pharmaceuticals	1,100,088	0.68	-
Real Estate	12,232,602	7.56	11.61
Real Estate Investment Trusts (REITS)	23,398,834	14.47	19.45
Retail	3,861,967	2.39	0.13
Shipbuilding	3,795,751	2.35	-
Telecommunications	7,540,302	4.66	5.93
Transportation	1,412,404	0.88	1.04
Portfolio of investments	152,332,962	94.19	98.79
Other net assets	9,397,323	5.81	1.21
Net assets attributable to unitholders	161,730,285	100.00	100.00

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

STATEMENT OF PORTFOLIO

As at 30 June 2018 (unaudited)

Horizon Singapore Fixed Income Enhanced Fund			
By Geography (Primary)	Holdings at 30 June 2018	Fair value at 30 June 2018 S\$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
Quoted Fixed Income Securities			
BRITISH VIRGIN ISLANDS			
Huarong Finance 2017 Company Limited 3.2% due 27/04/2021	750,000	741,375.00	2.98
Huarong Finance 2017 Company Limited 3.8% due 07/11/2025	500,000	485,625.00	1.94
Total BRITISH VIRGIN ISLANDS		1,227,000	4.92
CANADA			
Manulife Financial Corporation 3.85% due 25/05/2026	750,000	765,615	3.07
Total CANADA		765,615	3.07
CHINA			
China Construction Bank Corporation/Singapore 2.08% due 26/10/2020	750,000	744,750	2.99
Total CHINA		744,750	2.99
FRANCE			
BNP Paribas SA 3.65% due 09/09/2024	500,000	511,990	2.06
Total FRANCE		511,990	2.06
MALAYSIA			
Danga Capital Berhad 3.725% due 11/08/2020	750,000	763,379	3.06
Total MALAYSIA		763,379	3.06
SINGAPORE			
Ascendas Real Estate Investment Trust 3.14% due 02/03/2025	250,000	247,587	0.99
Breadtalk Group Limited 4% due 17/01/2023	1,000,000	999,180	4.01
CCT MTN Private Limited 2.96% due 13/08/2021	500,000	500,701	2.01
CCT MTN Private Limited 3.17% due 05/03/2024	500,000	500,106	2.01
DBS Group Holdings Limited 4.7% due 29/12/2049	500,000	510,875	2.05
Keppel Corporation Limited 3.1% due 12/10/2020	250,000	251,500	1.01
Mapletree Commercial Trust Treasury Company Private Limited 2.795% due 15/11/2023	250,000	244,898	0.98
Mapletree Treasury Services Limited 2.92% due 21/01/2019	250,000	250,829	1.01
Mercatus Co-Operative Limited 2.8% due 26/07/2024	250,000	244,768	0.98
Mercatus Co-Operative Limited 3.1% due 19/01/2028	500,000	481,647	1.93
Prime Asset Holdings Limited 2.9% due 24/10/2024	250,000	244,562	0.98
RCS Trust 3.2% due 14/03/2025	750,000	748,837	3.00
Singapore Airlines Limited 3.13% due 23/08/2027	500,000	492,604	1.98
Singapore Government Bond 1.25% due 01/10/2021	500,000	486,800	1.95
Singapore Government Bond 1.625% due 01/10/2019	250,000	249,475	1.00
Singapore Government Bond 2.125% due 01/06/2026	600,000	586,440	2.35
Singapore Government Bond 2.25% due 01/06/2021	1,250,000	1,256,250	5.04
Singapore Government Bond 2.25% due 01/08/2036	500,000	462,250	1.86
Singapore Government Bond 2.625% due 01/05/2028	400,000	403,400	1.62

NIKKO AM SHENTON HORIZON INVESTMENT FUNDS
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STATEMENT OF PORTFOLIO

As at 30 June 2018 (unaudited)

Horizon Singapore Fixed Income Enhanced Fund			
By Geography (Primary) (continued)	Holdings at 30 June 2018	Fair value at 30 June 2018 S\$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
Quoted Fixed Income Securities (continued)			
SINGAPORE (continued)			
Singapore Government Bond 2.75% due 01/03/2046	1,450,000	1,418,100	5.69
Singapore Government Bond 2.875% due 01/07/2029	800,000	824,000	3.31
Singapore Government Bond 2.875% due 01/09/2030	1,250,000	1,281,250	5.14
Singapore Government Bond 3% due 01/09/2024	500,000	518,500	2.08
Singapore Government Bond 3.125% due 01/09/2022	500,000	519,500	2.08
Singapore Government Bond 3.25% due 01/09/2020	400,000	410,800	1.65
Singapore Government Bond 3.375% due 01/09/2033	1,000,000	1,076,500	4.32
Singapore Government Bond 3.5% due 01/03/2027	350,000	378,175	1.52
Starhill Global REIT MTN Private Limited 3.4% due 26/05/2023	250,000	251,727	1.01
Starhub Limited 3.95% due 31/12/2049	250,000	246,387	1.00
Suntec REIT MTN Private Limited 2.85% due 02/08/2023	500,000	488,864	1.96
United Overseas Bank Limited 3.5% due 27/02/2029	750,000	760,192	3.05
Total SINGAPORE		18,367,804	73.71
SOUTH KOREA			
Export-Import Bank of Korea 2.318% due 27/09/2022	500,000	499,375	2.00
Total SOUTH KOREA		499,375	2.00
SWITZERLAND			
Julius Baer Group Limited 5.9% due 29/12/2049	250,000	257,500	1.03
Total SWITZERLAND		257,500	1.03
UNITED STATES OF AMERICA			
Ford Motor Credit Company LLC 3.7% due 11/03/2019	1,000,000	990,635	3.98
Total UNITED STATES OF AMERICA		990,635	3.98
Accrued Interest receivable on Quoted Fixed Income Securities		196,720	0.79
Total Quoted Fixed Income Securities		24,324,768	97.61
Portfolio of investments		24,324,768	97.61
Other net assets		595,141	2.39
Net assets attributable to unitholders		24,919,909	100.00

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

STATEMENT OF PORTFOLIO

As at 30 June 2018 (unaudited)

		Horizon Singapore Fixed Income Enhanced Fund	
By Geography (Summary)		Percentage of total net assets attributable to unitholders at 30 June 2018	Percentage of total net assets attributable to unitholders at 31 December 2017
		%	%
Quoted Fixed Income Securities			
British Virgin Islands		4.92	3.13
Canada		3.07	3.25
China		2.99	3.11
France		2.06	-
Malaysia		3.06	3.21
Singapore		73.71	81.85
South Korea		2.00	2.08
Switzerland		1.03	1.09
United State of America		3.98	-
Accrued interest receivable on quoted fixed income securities		0.79	0.64
Total Quoted Fixed Income Securities		97.61	98.36
Portfolio of investments		97.61	98.36
Other net assets		2.39	1.64
Net assets attributable to unitholders		100.00	100.00

Horizon Singapore Fixed Income Enhanced Fund

		Horizon Singapore Fixed Income Enhanced Fund	
By Industry (Secondary)		Percentage of total net assets attributable to unitholders at 30 June 2018	Percentage of total net assets attributable to unitholders at 31 December 2017
		%	%
	Fair value at 30 June 2018	30 June 2018	31 December 2017
	S\$	%	%
Airlines	492,604	1.98	2.12
Auto Manufacturers	990,635	3.98	-
Banks	2,527,807	10.14	8.39
Diversified Financial Services	1,484,500	5.96	6.40
Food	999,180	4.01	-
Holding Companies-Diversified	251,500	1.01	1.06
Insurance	765,615	3.07	3.25
Investment Companies	250,829	1.01	2.10
Private Equity	726,415	2.91	1.05
Real Estate	496,289	1.99	1.04
Real Estate Investment Trusts (REITS)	2,730,993	10.96	6.34
Sovereign	12,165,294	48.82	60.44
Telecommunications	246,387	0.98	5.53
Accrued interest receivable on quoted fixed income securities	196,720	0.79	0.64
Portfolio of investments	24,324,768	97.61	98.36
Other net assets	595,141	2.39	1.64
Net assets attributable to unitholders	24,919,909	100.00	100.00

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

REPORT TO UNITHOLDERS

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

The following contains additional information relating to the Funds.

1. Distribution of investments

Please refer to the Statements of Portfolio on pages 21 to 33.

2. Credit rating of debt securities

Horizon Singapore Fixed Income Enhanced Fund

	Fair value at 30 June 2018 S\$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
A-	2,026,442	8.13
A3	247,587	0.99
A3 *+	760,192	3.05
AA	499,375	2.00
Aaa	3,152,950	12.65
Baa1	1,982,773	7.96
Baa2	990,635	3.98
Baa3	257,500	1.03
BBB+	1,252,534	5.03
NR	12,958,060	52.00
Accrued interest receivable on quoted fixed income securities	196,720	0.79
Total	24,324,768	97.61

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

REPORT TO UNITHOLDERS

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

3. Top 10 holdings

Nikko AM Global Dividend Equity Fund

10 Largest holdings at 30 June 2018

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

10 Largest holdings at 30 June 2017

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Microsoft corporation	3,870,351	4.85
Philip Morris International Incorporated	3,036,928	3.80
Legal & General Group Public Listed Company	2,953,214	3.70
Dupont Fabros Technology Incorporated	2,830,400	3.54
Siemens AG	2,821,697	3.53
Reynolds American Incorporated	2,763,420	3.46
Cedar Fair LP	2,749,534	3.44
Bankinter SA	2,598,136	3.25
Bae Systems Public Listed Company	2,569,440	3.22
Macquarie Group Limited	2,491,188	3.12

NIKKO AM SHENTON HORIZON INVESTMENT FUNDS
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REPORT TO UNITHOLDERS

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

3. Top 10 holding (continued)

Horizon Global Bond Fund (S\$ Hedged)

Largest holdings at 30 June 2018

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

Largest holdings at 30 June 2017

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Russell Investment Company PLC – Russell Global Bond Fund (Class A)	25,419,997	96.36

NIKKO AM SHENTON HORIZON INVESTMENT FUNDS
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REPORT TO UNITHOLDERS

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

3. Top 10 holding (continued)

Singapore Dividend Equity Fund

10 Largest holdings at 30 June 2018

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

10 Largest holdings at 30 June 2017

	Fair value S\$	Percentage of total net assets attributable to unitholders %
DBS Group Holdings Limited	17,046,206	12.01
Oversea-Chinese Banking Corporation Limited	15,712,398	11.07
United Overseas Bank Limited	11,502,200	8.10
Singapore Telecommunications Limited	10,342,343	7.29
Hongkong Land Holdings Limited	8,587,410	6.05
Keppel Corporation Limited	6,978,126	4.92
Genting Singapore Public Listed Company	4,004,844	2.82
Jardine Matheson Holdings Limited	3,960,126	2.79
Venture Corporation Limited	3,888,535	2.74
Thai Beverage Public Company Limited	3,626,550	2.55

NIKKO AM SHENTON HORIZON INVESTMENT FUNDS
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REPORT TO UNITHOLDERS

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

3. Top 10 holding (continued)

Horizon Singapore Fixed Income Enhanced Fund

10 Largest holdings at 30 June 2018

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

10 Largest holdings at 30 June 2017

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Singapore Government Bond 2.25% due 01/06/2021	3,342,625	13.73
Singapore Government Bond 2.75% due 01/03/2046	1,281,000	5.26
Singapore Government Bond 2.75% due 01/04/2042	1,227,624	5.04
Singapore Government Bond 3.5% due 01/03/2027	1,180,200	4.85
Singapore Government Bond 2.875% due 01/09/2030	1,124,024	4.62
Singapore Technologies Telemedia Private Limited 4.05% due 02/12/2025	1,055,273	4.34
Singapore Government Bond 3% due 01/09/2024	860,400	3.54
Singapore Government Bond 3.375% due 01/09/2033	794,500	3.26
Danga Capital Berhad 3.725% due 11/08/2020	774,011	3.18
United Overseas Bank Limited 4.9% due 23/07/2049	772,012	3.17

NIKKO AM SHENTON HORIZON INVESTMENT FUNDS
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REPORT TO UNITHOLDERS

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

4. Exposure to financial derivatives

Nikko AM Global Dividend Equity Fund

	Fair value at 30 June 2018 US\$	Percentage of total net assets attributable to unitholders 30 June 2018 %	Unrealised gains/(losses) US\$	Realised gains/(losses) US\$
Forward foreign exchange contracts	<u>(1,698,550)</u>	<u>(2.24)</u>	<u>(1,698,550)</u>	<u>(120,044)</u>

Horizon Global Bond Fund (S\$ Hedged)

	Fair value at 30 June 2018 S\$	Percentage of total net assets attributable to unitholders 30 June 2018 %	Unrealised gains/(losses) S\$	Realised gains/(losses) S\$
Forward foreign exchange contracts	<u>(237,778)</u>	<u>(0.98)</u>	<u>(237,778)</u>	<u>(38,794)</u>

5. Global exposure to financial derivatives

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

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

NIKKO AM SHENTON HORIZON INVESTMENT FUNDS
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REPORT TO UNITHOLDERS

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

6. Collateral

Nil.

7. Securities lending or repurchase transactions

Nil.

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

Nikko AM Global Dividend Equity Fund

Please refer to the Statements of Portfolio on pages 21 to 33.

Horizon Global Bond Fund (S\$ Hedged)

Please refer to the Statements of Portfolio on pages 21 to 33.

Singapore Dividend Equity Fund

Please refer to the Statements of Portfolio on pages 21 to 33.

9. Borrowings

Nil.

10. Amount of units created and cancelled for the financial period ended 30 June 2018

	Nikko AM Global Dividend Equity Fund US\$	Horizon Global Bond Fund (S\$ Hedged) S\$
Units created	4,113,526	1,319,523
Units cancelled	(6,439,079)	(2,775,994)
	Singapore Dividend Equity Fund S\$	Horizon Singapore Fixed Income Enhanced Fund S\$
Units created	45,538,279	4,652,161
Units cancelled	(18,221,127)	(3,283,665)

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

REPORT TO UNITHOLDERS

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

11. Turnover ratio

Nikko AM Global Dividend Equity Fund

		2018	2017
Lower of total value of purchases or sales	US\$	12,856,698	11,533,372
Average daily net asset value	US\$	81,205,070	79,393,740
Total turnover ratio ^{Note}	%	15.83	14.53

Horizon Global Bond Fund (S\$ Hedged)

		2018	2017
Lower of total value of purchases or sales	S\$	1,128,215	1,312,679
Average daily net asset value	S\$	25,444,485	26,266,385
Total turnover ratio ^{Note}	%	4.43	5.00

Singapore Dividend Equity Fund

		2018	2017
Lower of total value of purchases or sales	S\$	21,499,737	26,032,310
Average daily net asset value	S\$	157,568,110	142,062,265
Total turnover ratio ^{Note}	%	13.64	18.32

Horizon Singapore Fixed Income Enhanced Fund

		2018	2017
Lower of total value of purchases or sales	S\$	11,360,353	21,818,778
Average daily net asset value	S\$	26,485,207	24,115,832
Total turnover ratio ^{Note}	%	42.89	90.47

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

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

REPORT TO UNITHOLDERS

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

12. Expense ratio

**Nikko AM Global Dividend Equity Fund
S\$ Hedged (Acc) Class**

		2018	2017
Total operating expenses	US\$	1,219,367	1,205,724
Average daily net asset value	US\$	70,558,628	69,946,474
Total expense ratio ^{Note}	%	1.73	1.72

S\$ Hedge (Dist) Class

		2018	2017
Total operating expenses	US\$	168,300	169,137
Average daily net asset value	US\$	9,528,857	9,628,273
Total expense ratio ^{Note}	%	1.77	1.76

US\$ (Acc) Class

		2018	2017
Total operating expenses	US\$	11,438	11,264
Average daily net asset value	US\$	456,192	456,849
Total expense ratio ^{Note}	%	2.51	2.47

CNH Hedged (Dist) Class

		2018	2017
Total operating expenses	US\$	5,946	7,673
Average daily net asset value	US\$	133,821	246,446
Total expense ratio ^{Note}	%	4.44	3.11

Horizon Global Bond Fund (S\$ Hedged)

		2018	2017
Total operating expenses	S\$	226,838	229,952
Average daily net asset value	S\$	25,874,277	27,711,712
Total expense ratio ^{Note} (including Underlying Fund's expense ratio)	%	1.59	1.55
Weighted average of the underlying fund's unaudited expense ratio	%	0.71	0.72

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

REPORT TO UNITHOLDERS

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

12. Expense ratio (continued)

Singapore Dividend Equity Fund

SGD Class		2018	2017
Total operating expenses	S\$	2,184,673	2,074,680
Average daily net asset value	S\$	142,116,087	136,716,113
Total expense ratio^{Note}	%	1.54	1.52

JPY Class		2018	2017
Total operating expenses	S\$	2,394	1,057
Average daily net asset value	S\$	443,512	191,071
Total expense ratio^{Note}	%	0.54	0.55

MYR Class		2018	2017
Total operating expenses	S\$	87,618	17,899
Average daily net asset value	S\$	5,643,484	1,193,899
Total expense ratio^{Note}	%	1.55	1.50

USD Class		2018	2017
Total operating expenses	S\$	53,243	35,217
Average daily net asset value	S\$	3,439,790	2,320,741
Total expense ratio^{Note}	%	1.55	1.52

Horizon Singapore Fixed Income Enhanced Fund

		2018	2017
Total operating expenses	S\$	324,343	304,530
Average daily net asset value	S\$	25,356,364	24,136,557
Total expense ratio^{Note}	%	1.28	1.26

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

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

REPORT TO UNITHOLDERS

For the financial period from 01 January 2018 to 30 June 2018 (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 and valuation fee are payable to a related company of the Trustee, BNP Paribas Securities Services Singapore Branch.

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

	Nikko AM Global Dividend Equity Fund		Horizon Global Bond Fund (S\$ Hedged)	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	US\$	US\$	S\$	S\$
Bank balances held with related party of the Trustee	1,770,382	1,337,436	936,880	1,089,721
	<hr/>		<hr/>	
	Singapore Dividend Equity Fund		Horizon Singapore Fixed Income Enhanced Fund	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	S\$	S\$	S\$	S\$
Bank balances held with related party of the Trustee	10,440,947	3,143,691	1,138,765	990,856
	<hr/>		<hr/>	

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

Nil.

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

REPORT TO UNITHOLDERS

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

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

1. Top 10 Holdings

10 Largest holdings at 30 June 2018

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

10 Largest holdings at 30 June 2017

	Fair value S\$	Percentage of total net assets attributable to unitholders %
FncI 3 8/17	44,282,107	1.81
FncI 3.5 8/17	27,866,685	1.14
Tsy Infl IX N/B	23,438,766	0.96
Barclays Capital Repo Repo	22,472,729	0.92
Bundesrepub. Deutschland	20,417,894	0.83
US Treasury N/B	18,683,632	0.76
New Zealand Government	18,309,925	0.75
US Treasury N/B	17,884,037	0.73
UK Tsy 4% 2022	15,210,235	0.62
Tsy Infl IX N/B	14,500,060	0.59

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

REPORT TO UNITHOLDERS

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

2. Financial Ratios

	2018	2017
	%	%
Expense Ratio ^{Note}	0.73	0.75
Turnover Ratio	284.85	365.07

Note: The expense ratio has been computed based on the total operating expenses divided by the average net asset value for the period. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The average net asset value is based on the daily balances.

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12 Marina View, #18-02 Asia Square Tower 2, Singapore 018961
Intermediaries Hotline: 1800 535 8025 / 65 6535 8025
Website: www.nikkoam.com.sg

Company registration number 198202562H

ANNUAL REPORT

For the financial year ended 31 December 2017

**Nikko AM Shenton
Horizon Investment Funds**

MANAGERS

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

DIRECTORS

Lim Soon Chong
Junichi Sayato
Seet Oon Hui Eleanor
David Jonathan Semaya
Yu-Ming Wang

TRUSTEE & REGISTRAR

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

AUDITORS

PricewaterhouseCoopers LLP
7 Straits View, Marina One,
East Tower, Level 12,
Singapore 018936
(With effect from 2 January 2018)

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
Horizon Global Bond Fund (S\$ Hedged)	-0.25	0.26	2.42	1.86	2.09	3.49	2.46
Barcap Global Aggregate Index (SGD Hedged)	0.72	1.38	2.71	3.00	3.25	4.23	4.11
Nikko AM Global Dividend Equity Fund (S\$ Hedged ACC)	1.75	6.46	17.11	6.03	10.32	1.71	1.58
Horizon Singapore Fixed Income Enhanced Fund	0.74	1.08	4.55	2.56	1.45	2.25	2.21
Markit iBoxx ALBI Singapore Government Bond Index	0.70	0.61	4.20	2.73	1.64	2.88	2.61
Singapore Dividend Equity Fund	7.33	10.39	24.28	5.91	6.66	3.10	4.53

Source: Nikko Asset Management Asia Limited & Russell Investment Group Pte Ltd, returns as at 31 December 2017. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumptions that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Horizon Global Bond Fund (S\$ Hedged)	-5.24	-4.76	-2.70	0.13	1.05	2.96	2.18
Barcap Global Aggregate Index (SGD Hedged)	0.72	1.38	2.71	3.00	3.25	4.23	4.11
Nikko AM Global Dividend Equity Fund (S\$ Hedged ACC)	-3.33	1.14	11.25	4.23	9.19	1.19	1.30
Horizon Singapore Fixed Income Enhanced Fund	-4.30	-3.97	-0.68	0.82	0.42	1.72	1.92
Markit iBoxx ALBI Singapore Government Bond Index	0.70	0.61	4.20	2.73	1.64	2.88	2.61
Singapore Dividend Equity Fund	1.97	4.87	18.06	4.11	5.57	2.57	4.24

Source: Nikko Asset Management Asia Limited & Russell Investment Group Pte Ltd, returns as at 31 December 2017. Returns are calculated on a NAV-NAV basis, SGD, and based on the assumptions that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Global Dividend Equity Fund (US\$ ACC)	1.70	6.39	16.67	5.11	8.69	2.63	3.14
Singapore Dividend Equity Fund	9.08	13.72	34.40	5.60	4.76	3.88	6.11

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 assumptions that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Global Dividend Equity Fund (US\$ ACC)	-3.38	1.07	10.83	3.33	7.59	2.10	2.86
Singapore Dividend Equity Fund	3.62	8.03	27.68	3.81	3.69	3.34	5.81

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 assumptions that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 2 August 1999

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Singapore Dividend Equity Fund	9.43	14.58	31.04	4.41	N/A	N/A	8.70

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

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Singapore Dividend Equity Fund	3.96	8.85	24.49	2.64	N/A	N/A	7.47

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2017. Returns are calculated on a NAV-NAV basis, JPY, and based on the assumptions that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 1 July 2013

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Singapore Dividend Equity Fund	4.56	7.11	21.07	N/A	N/A	N/A	19.56

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

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Singapore Dividend Equity Fund	-0.67	1.76	15.01	N/A	N/A	N/A	16.12

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2017. Returns are calculated on a NAV-NAV basis, MYR, and based on the assumptions that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 29 March 2016

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Global Dividend Equity Fund (S\$ Hedged Dist)	1.66	6.46	16.91	6.04	N/A	N/A	5.68

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 assumptions that all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Global Dividend Equity Fund (S\$ Hedged Dist)	-3.43	1.14	11.07	4.25	N/A	N/A	4.26

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 assumptions that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 17 March 2014

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Global Dividend Equity Fund (CNH Hedged Dist)	1.78	6.64	19.49	7.49	N/A	N/A	5.81

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

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Nikko AM Global Dividend Equity Fund (CNH Hedged Dist)	-3.31	1.31	13.51	5.66	N/A	N/A	4.37

Source: Nikko Asset Management Asia Limited, returns as at 31 December 2017. Returns are calculated on a NAV-NAV basis, CNH, and based on the assumptions that all dividends and distributions are reinvested, if any, and take into account of maximum initial sales charge and a realisation charge, currently nil, as and where applicable. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

Inception date: 1 April 2014

Note:

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

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

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

With effect from 1 December 2016, the benchmark for the Nikko AM Global Dividend Equity Fund (i.e. MSCI All Country World Index, USD base) has been removed and there will be no benchmark for this Fund. This is because pursuant to the investment objective of the Fund, the Fund is managed on a total return basis and as such, it does not seek to outperform any benchmark. Prior to 16 December 2013, the reference benchmark was a composite of Russell 1000® Net 30% Index; FTSE All Share Index; TOPIX Dividend Included Index; Russell Developed Europe ex-UK Large Cap Index (net); and Russell Asia Pacific ex Japan (All cap) Index, according to their regional weights from time to time.

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

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

Nikko AM Global Dividend Equity Fund

Portfolio Review

Fund gained 17.11% in SGD hedged terms in 2017

For the year ended 31 December 2017, the Nikko AM Global Dividend Equity Fund (the “Fund”) posted a return of 17.11% (SGD hedged terms, NAV-NAV basis).

During the year, stocks we introduced into the portfolio included Philip Morris, Occidental Petroleum, Coca-Cola, ING Groep and Johnson Matthey. Philip Morris is in the early days of launching a product that could transform smoking – offering the same nicotine delivery but 90% fewer toxins. The product has quickly gained 7% market share in Japan, and other international markets could prove equally receptive. For Occidental Petroleum, we now have greater conviction in the cost position of its assets in the Permian Basin. This is likely to be important in a ‘lower for longer’ oil price environment. Occidental also offers a dividend yield of 5.2%. We bought Coca-Cola as recent changes in structures, incentives and strategic priorities across the entire Coke group are changing the company into a leaner, more externally focused, high margin and stable growth business, with an improving return on invested capital.

ING Groep is a retail and wholesale bank based in the Netherlands. It has operations in more than 40 countries and a strong retail presence in the Netherlands, Belgium and Germany. The company is benefitting from accelerating growth in its core markets, and its healthy balance sheet and profitability allow it to pay a dividend yield of 4.3%, which we forecast to grow at single digit pace. Johnson Matthey was added to the portfolio in November. In September the company announced it had developed a breakthrough new generation of battery material called eLNO with energy density around 25% higher than the current best in class materials, and it will invest an initial £200m to enable commercial production by 2020/21. The company should benefit from the anticipated growth of electric vehicles. We believe the firm has a sustainable franchise that can deliver attractive cash flow growth. The company offers a dividend yield of 2.5%.

On the other hand, we sold stocks including Scotts Miracle Gro, Japan Tobacco, CH Robinson, Veolia Environnement, SKF and Legal and General during the period. Valuations for Scotts Miracle Gro were looking stretched and the stock offered a relatively low dividend yield of 2.2%. We sold Japan Tobacco on concerns regarding competition from new

technologies such as Philip Morris's IQOS product, which could undermine the cash flows that supported JT's 3.5% dividend yield. Additionally, we also sold CH Robinson on mounting concerns that the business was likely to see margin pressure going forwards. Meanwhile, although Veolia Environnement's management continues to deliver on cost cutting measures, we believe that profit growth is likely to be slower than forecasted. We sold SKF after a strong period of outperformance. The stock had also just paid its annual dividend worth 3.2%. Lastly, we sold Legal & General post the interim dividend as we have concerns that capital requirements will put pressure on returns on equity and growth over time. This has negative implications for the company and its ability to grow the dividend; hence we have exited the position.

Market Review

Markets continued to be buoyant in 2017

The buoyant mood of the global equity markets carried on through 2017 with markets remaining on their upward trajectory. Company earnings remained robust and broader macro observations are generally for growth to continue.

The agreement of the long awaited US tax reform bill, which announced permanent cuts for corporations, provided a lift for markets towards the end of 2017. While growth expectations remain positive overall, to counter this, the US yield curve has flattened and has opened up the debate of what to expect next. While no one has the answer yet as to what this flattening may or may not predict, it is clear that looking forwards to 2018, simply searching for economic growth surprise or not, will not be the shrewdest approach to stock picking, given the frequent disconnect between economic and profit growth. Meanwhile, other factors such as technological innovation remain dominant elements in defining profitability for individual companies.

In recent months we have seen a change in commodity pricing with prices rising in part due to stronger demand from China for hard commodities. As for oil, an OPEC-driven agreement to extend production cuts to the end of 2018 has seen the price of Brent crude surging around 18% in the final quarter of the year alone.

Looking at sector performance, the strongest gains over 2017 were in Information Technology and Materials. Industrials also had a strong year. Lower beta sectors, such as Energy, Telecommunications and Utilities however were the relative laggards. Regionally, returns in key markets fell into a fairly narrow range. Emerging Asia saw the strongest returns, while Europe (ex UK) showed a return to favour as growth began to pick up speed. The US was one of the weaker markets, however economic data remains positive.

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

Market Outlook and Strategy

Focus primarily on companies with Future Quality attributes

Our strategy is focused on picking a selection of companies across the globe that meet our Future Quality criteria and deliver the income required by our investors. As a reminder these are businesses that we expect to grow, will have superior and ideally rising returns, can do so sustainably, are governed by management we trust and whose valuations don't reflect these prospects.

Market commentary is often focused on this latter element, as the shape of returns in markets can have a significant bearing over the shorter term. However our role is to maximise returns within this market exposure, and over the long term this is best served by selecting businesses that are the Future Quality we described. However, to specifically answer the valuation question, we would observe the following. Since the introduction of quantitative easing (QE), equities and all risk assets have benefited from policies that have deliberately targeted higher pricing of assets. With rising interest rates in the USA and either an end to new QE, or the prospect of similar in Europe, it is evident that this tailwind for markets is in the process of reversing. Despite this, sentiment amongst investors is generally now bullish and it would appear that recency bias is encouraging some to assume that the returns enhanced by rising valuations over the last half decade can be continued. This would appear unrealistic in our view unless a bout of speculative fervour is now upon us.

If valuation therefore is a modest source of return at best, the importance of profitability and growth in cash flow is of even greater import. This is where the signals are more encouraging, as profitability of corporations in almost all geographies remains very robust. More importantly this has not been garnered as a result of high growth in the broader economy that will diminish rapidly if monetary policy is notably tightened. What is more relevant is that higher profit shares have generally been at the expense of income shares.

The degree to which real incomes have lagged real profits, and income dispersions within societies have become increasingly extreme, will shift from being a festering issue, to become a real and an enduring one for investors. The higher fall in tax for the wealthier demographics in the USA, as a result of the new tax regulations, will likely be against the trend. As we wrote last quarter, exceptional returns on capital amongst firms that have grown to dominate our lives and market indices will be likely targets for political expropriation of profits. Bankers are passing the baton to internet giants as the new evil in the public eye.

Bringing this back to what matters - stock picking - we are focused on the following as drivers of improving growth and profitability.

- **Industry 2.0** – the application of new advances in technology have been experienced by all of us through smartphones and social media. These same technologies are now being applied to industrial analogue assets through the IOT (internet of things), enabling higher productive output for those businesses applying them. This shift in focus, and the likely scale of capital investment in these technologies, will be enduring in our view. At the stock level, this is reflected in long standing holdings in Industrial automation implementers (Siemens), semiconductor foundry companies (TSMC) and real estate operators benefiting from the expansion of cloud infrastructure (Digital Realty trust).
- **Emerging consumption** – This is most evident in countries where household savings rates are high, consumer credit penetration is lower and broader economic growth is conducive to rising incomes. Asian economies generally lead on these metrics and hence we continue to believe that companies that operate in these markets that can have enduring growth, particularly where their brand or franchise is strong. Examples in the portfolio include drinks manufacturers (Coca-Cola) and cellular tower operators in India and Latin America (American Tower).

While we are not necessarily enthusiastic about returns to be garnered from owning everything (the index), we are excited about the businesses we hold in portfolios, whether due to their unique drivers or being exposed to areas of growth that we believe will be both superior and more enduring than the market expects.

No doubt 2018 will see more geopolitical gyrations, Trump headlines and divergent trends in profitability as growth remains such that there is no tide to lift all boats, and careful stock picking will be key for maximising returns in global equity markets.

Singapore Dividend Equity Fund

Portfolio Review

Fund gained 24.28% in SGD terms in 2017

For the year ended 31 December 2017, the Singapore Dividend Equity Fund (the “Fund”) posted a return of 24.28% (SGD terms, NAV-NAV basis). The Fund’s overweight on Financials and Real Estate contributed positively to performance. Conversely, its holdings within Consumer Staples and Healthcare lagged. Positions which contributed most to performance were our overweight in DBS Group Holdings, Overseas Chinese Bank and United Overseas Banks. Our overweight to Champion REIT and Link REIT detracted from performance.

Market Review

The Straits Times Index gained in 2017

The Straits Times Index gained in 2017, underpinned by solid domestic growth and a global economic recovery that appeared more entrenched. In the US, unemployment fell to a 16-year low in October. The Eurozone saw upgrades to its economic growth forecasts, while Japan saw its seventh straight quarter of positive GDP growth. Central banks in the US and Europe began winding down stimulus over the year. The US Federal Reserve (Fed) started shrinking its

bond portfolio in October, while the European Central Bank (ECB) declared it would further reduce its monthly purchase of government bonds. Towards the end of the year, however, sentiment was dampened by escalating tensions in the Korean peninsula. The Fed raised interest rates three times in 2017, as widely expected. Within the STI, Industrial Engineering and Banks were the best-performing sectors over the year, with respective gains of 80.37% and 37.77%. Conversely, Media and Food Producers lagged, declining by 24.93% and 13.76% respectively.

Advance estimates pointed to GDP growth of 3.5% in 2017

The Singapore economy grew by a higher than expected 3.1% year-on-year (YoY) in the last quarter of 2017, according to advance estimates from the Ministry of Trade and Industry. Manufacturing once again drove the acceleration, as the sector expanded 6.2%. Growth within the services sector moderated slightly from the July to September period, while activity in the construction sector continued to contract. The advance estimates point to a full-year 2017 GDP growth of 3.5%, which surpasses the Monetary Authority of Singapore's forecast range of 2-3%.

Headline inflation inched higher in November

Singapore's consumer price index stayed largely stable throughout the year, but inched higher to 0.6% in November. Contributing to the pick-up in November's headline reading was higher transport prices which saw an increase in pace to 2.6% from 2.2% in October. Costs of housing, meanwhile, remained subdued, contracting again in November by 2.4%, continuing the declining trend seen over the last few months.

Monetary Authority of Singapore (MAS) kept its neutral policy stance

The MAS kept the SGD Nominal Effective Exchange Rate (NEER) slope, centre and band width unchanged in October, despite noting that the economy has performed "slightly better than envisaged" since its last policy meeting. Nonetheless, it paved the way for a return to an upward sloping SGDNEER band in 2018, after downplaying significance of the "extended period" language in its policy statement. In a separate interview, MAS Managing Director Ravi Menon said that Singapore needs to be on guard for a pick-up in inflation. Notably, Prime Minister Lee Hsien Loong announced at the annual convention of the ruling PAP party, that higher taxes are "not a matter of whether, but when", as spending on investments and social services grows. This prompted markets to expect a Goods and Services Tax (GST) hike proposal, perhaps as early as the 2018 budget announcement.

Market Outlook and Strategy

We remain optimistic on Singapore, despite less attractive valuations

We remain optimistic in 2018 on Singapore equities, albeit with moderated expectations for investment returns on less attractive valuations after a strong performance in 2017. Since early 2017, we have seen an inflection in earnings expectations, with a modest improvement in consensus earnings estimates for both 2017 and 2018. We continue to be constructive on corporate earnings in 2018, with domestic growth likely to be supported by the ongoing recovery in global economic activity and trade, coupled with firmer domestic demand.

As we enter a more mature phase of the economic and stock market recovery, we foresee wider bifurcation in returns between sector, stock and size factors. This will provide strong opportunities for bottom-up security selection, in our opinion. In the current environment, we favour cyclical industries such as Consumer Discretionary, Capital Goods, Technology and Real Estate. We continue to underweight the Transportation and Telecom sectors, which remain pressured by domestic competition and business model disruption.

We reiterate our focus on investing in companies which embody the New Singapore. These are companies that are reinventing their business models to succeed in the future economic landscape. We believe that these New Singapore companies will tend to be in industries like Technology, Healthcare, Logistics, Tourism and Consumer Services. Corporate restructuring will also continue to be a driver, in our opinion, as companies look to exploit inorganic opportunities to ride the ongoing economic recovery.

We remain convinced of the long-term merits of investing in high dividend stocks. In the current environment of relatively benign inflation, we see the Fed continuing to hike rates in a gradual and manageable manner. The Fund remains anchored in stocks which pay an attractive and predictable dividend yield, particularly those which also offer steady growth. While we have recently trimmed our exposure to the Singapore REITs as valuations come closer to being fully valued, we maintain a core position of names which are leveraged to the improving economic environment as well as our New Singapore focus.

Horizon Singapore Fixed Income Enhanced Fund

Portfolio Review

Fund outperformed the benchmark in 2017

In the year ending 31 December 2017, the Horizon Singapore Fixed Income Enhanced Fund (the "Fund") posted a return of 4.55% (SGD terms, on a NAV-NAV basis), outperforming its benchmark, the UOB Singapore Government Bond All Index, which returned 4.20% (SGD terms) during the period. The Fund's Statutory Board and corporate holdings contributed positively to the performance.

Market Review

Singapore Government Securities (SGS) registered gains

2017 was an encouraging year for growth. Recovery in the US continued, with the unemployment rate falling to a 16-year low in October 2017. 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 to gradually remove monetary policy accommodation. The US Federal Reserve commenced the normalisation of its balance sheet in October 2017. The US Federal Open Market Committee (FOMC) raised the target range for the federal funds rate three times for a cumulative 75 basis points (bps), which supported the shift higher in front-end UST yields. Meanwhile, the European Central Bank (ECB) announced it would continue to make net purchases under its asset purchase programme until end September 2018, albeit in reduced monthly amounts. Overall, the US Treasury yield curve bear flattened in the year, with 2-year yields rising about 70 bps, and 10-year yields dropping about 4bps.

Singapore government securities (SGS) outperformed US Treasuries (USTs) in the year, on the back of broadly flush liquidity during the period. Overall, 10-year UST yields ended about 4 basis points (bps) lower, while same-tenor SGS yields dropped 47bps compared to end-December 2016 levels.

Singapore 2017 GDP growth was stronger than expected

The stronger-than-expected global trade recovery was a pillar of faster GDP growth in 2017. The Ministry of Trade and Industry revealed that the economy grew by 3.6% in the year, surpassing the Monetary Authority of Singapore's (MAS') 2-3% forecast range. Growth in the year was boosted mainly by robust semiconductor production.

Central bank kept its neutral policy stance

In October, MAS kept the SGD NEER slope, centre and band width unchanged, despite noting that the economy has performed "slightly better than envisaged" since its last policy meeting. Nonetheless, it paved the way for a return to an upward sloping SGDNEER band in 2018, after downplaying significance of the "extended period" language in its policy statement. In a separate interview, MAS Managing Director Ravi Menon said that Singapore needs to be on guard for inflation pick-up, stating that inflation will climb at some point if economic growth continues to strengthen. Notably, Prime Minister Lee Hsien Loong announced at the annual convention of the ruling PAP party, that higher taxes are "not a matter of whether, but when", as spending on investments and social services grows.

Market Outlook and Strategy

We expect the SGS yield curve to steepen in 2018

We maintain our view of looking to opportunistically position for curve steepening on the rates side, given the current flat yield curve and our view that markets are underpricing global inflationary risks. Higher frequency of auction issuance in 2018, with more long-end issuance spread out throughout the year compared to 2017, should keep some pressure for yield curve steepening to take place. As front-end US rates rise as a result of further Fed rate hikes, we expect swap offer rates to move higher and put pressure on front end SGS as well. However, given the well-priced-in pace of gradual normalisation of monetary policy, particularly from the Fed, we expect any incremental move in front-end SGS to be muted.

Singapore Dollar (SGD) to outperform US Dollar (USD) in 2018

We downgrade our view on the USD. Previous factors we noted to be supportive of USD strength – i.e. further Fed rate hikes and hope for further fiscal policy reform - appear priced-in. On the latter, funding challenges will likely limit the full realisation of further fiscal policy. Furthermore, we maintain that optimism around additional fiscal policy reform is likely to wane heading into second half of 2018, when political noise escalates as the November congressional elections approaches.

Meanwhile, the MAS has paved the way for a return to an upward-sloping SGDNEER band in 2018. Improvement in the labour market and signs of dissipating slack leads us to believe that there is now an increased likelihood of an FX policy adjustment in April. Overall, we expect the SGDNEER to remain at the upper end of the band over the year, leaving our bias towards SGD outperformance intact.

Horizon Global Bond Fund (S\$ Hedged)

Portfolio Review

Fund marginally underperformed the benchmark in 2017

The Horizon Global Bond Fund (S\$ Hedged) (the "Fund") returned 2.42% (SGD terms, NAV-NAV basis) for the year ending 31 December 2017, marginally underperforming the benchmark which returned 2.71%.

The Fund outperformed the benchmark over the first quarter of 2017. Rates and credit positioning drove performance while active currency positioning was broadly flat. Within the rates space, underweights in France, Italy and overweights in Brazil and Mexico generated meaningful returns. An underweight in the UK was a slight detractor. In sectors, overweights to corporate high yield, investment-grade financials and non-agency mortgages were rewarded. In currencies, while the overweight to the Mexican peso, Japanese yen and Colombian peso were positive, this was offset by underweights to Australian dollar and South Korean won.

The Fund also outperformed the benchmark over the second quarter, driven by rates and credit positioning. In rates, an underweight in the UK and an overweight in Australia added meaningful value. An overweight in Brazil was a slight detractor. In sectors, overweights to non-agency mortgage-backed securities (MBS), corporate high yield and investment-grade financials were rewarded. Within the active currency space, while overweights to UK sterling and South African rand generated gains, these were offset by the underweights to the Swiss franc and New Zealand dollar.

The Fund continued its outperformance over the benchmark in the third quarter, driven by currency and credit positioning. Within the active currency space, overweights to the euro and UK sterling added significant value over the period. In sectors, overweights to investment-grade financials, non-agency residential MBS and corporate high yield were positive for the Fund. Within rates, an overweight in Brazil and underweight in the UK generated some gains, however these were offset by an overweight in the US.

The Fund finished behind the benchmark in the final quarter of 2017. Credit positioning was positive through overweights to investment-grade financials, corporate high yield and non-agency residential MBS. In active currency positioning, overweights to the euro, British pound, Chilean peso and Polish zloty added value. This was offset by underweights to the South Korean won, Australian dollar and overweights to Mexican peso and Swedish krone. In rates, an overweight in Mexico and underweight in the UK, offset the positive performance from overweight Australia.

Market Review

The Bloomberg Barclays Global Aggregate Bond Index increased 1.8% in the first quarter of 2017 in unhedged US dollar terms. The Federal Reserve (Fed) raised its benchmark rate by another 25 basis points (bps) as the market expected and on the back of positive economic data. However, the March interest rate rise was accompanied by a dovish statement. Additionally, the post-Trump risk rally lost some steam in the latter stages of the period, after President Trump lost support from his own Republican party for his health care bill. Across the pond, UK Prime Minister Theresa May triggered Article 50, while investors held caution over election developments in the Netherlands, France and Germany. Over the period, oil prices trended lower while a weaker US dollar lifted emerging market currencies.

US corporate high yield spreads tightened by 26 bps to 383, buoyed by oil prices which hovered mostly above the USD50 mark, while European high yield spreads tightened by 27 bps to 343. Global investment-grade (IG) credit spreads tightened by 7 bps to 110, led by US IG (-6 bps to 112) and EU IG (-4 bps to 101). Corporate bond issuance was strong this quarter, with one notable deal coming from technology company Broadcom, issuing USD12.5 billion in total.

The Bloomberg Barclays Global Aggregate Bond Index increased 2.6% in the second quarter of 2017 in unhedged US dollar terms. While US economic data came in slightly softer than expected over the period, it was enough for the Fed to raise its interest rate in June. In Europe, Emmanuel Macron became France's new President while the general election in the UK resulted in a challenging "hung parliament". Over the period, oil prices trended lower while a weaker US dollar lifted a basket of currencies.

US corporate high yield spreads tightened by 19 bps to 364, whilst European high yield spreads tightened by 65 bps to 278. Global IG credit spreads tightened by 10 bps to 100, led by EU IG (-16 bps to 85) and US IG (-9 bps to 103). Corporate bond issuance was strong this quarter, with notable deals coming from Apple (USD4.75 billion) and UBS AG (USD5.0 billion).

The Bloomberg Barclays Global Aggregate Bond Index climbed 1.8% in the third quarter in unhedged US dollar terms. US federal political dysfunction, escalating geopolitical tension in the Korean peninsula and tropical hurricanes rattled investors. However, a strengthening economic backdrop engendered a risk-on market environment, also informing upon developed central banks who became more comfortable with developing a more hawkish outlook. Over the period, commodity prices stabilised while a tepid US dollar lifted a basket of currencies.

US corporate high yield spreads tightened by 17 bps to 347 on the back of better energy prices, while European high yield spreads tightened by 20 bps to 258. Meanwhile, global IG credit spreads tightened by 6 bps to 94, led by US IG (-7 bps to 76) and EU IG (-3 bps to 82). Corporate bond issuance was quite eventful with one notable deal coming from Amazon who brought USD16.0 billion to the market in order to help fund its acquisition of Whole Foods.

The Bloomberg Barclays Global Aggregate Bond Index climbed 1.1% in the fourth quarter in unhedged US dollar terms. The Fed and the Bank of England (BoE) raised their key interest rates over the period, while the European Central Bank (ECB) prescribed a diminished pace to its stimulus programme. Meanwhile, President Trump experienced his first major legislative victory with a tax reform deal and the UK struck a last-minute divorce agreement with the EU. Over the quarter, commodity prices strengthened while a weakening US dollar lifted a basket of currencies.

US corporate high yield spreads tightened by 4 bps to 343 on the back of improving energy prices, while European high yield spreads widened by 21 bps to 279. Meanwhile, global IG credit spreads tightened by 7 bps to 87, led by EU IG (-10 bps to 72) and US IG (-7 bps to 89). In corporate bond market news, the quarter saw a strong flow of new investment grade paper from issuers such as Oracle and Apple.

Market Outlook and Strategy

We are neither especially optimistic nor pessimistic about 2018. In the US, President Trump's first year can be described as less eventful than feared as the Fed's leadership is moving to the safe hands of Jerome Powell and tax cuts are progressing through the US Congress. Europe has navigated most of its political land mines, and the 2017 global growth momentum seems likely to persist into 2018.

But with seemingly clear air ahead, many of our sentiment indicators point to the near-term risk of a pullback. Our models estimate the probability of a US recession in the next 12 months at around 25%, a high but not alarming percentage given the age of the expansion. This probability, however, could easily rise through the year, if, as we expect, the Fed tightens another three times in 2018.

2017 delivered better returns than most industry analysts expected, but the cycle is old and the Fed is about to step up the pace of rate hikes. Our central view is that equity markets can push higher over the first part of the year, before facing headwinds later in 2018 as markets factor in rising risks of a 2019 recession.

According to Investors Intelligence Sentiment Survey, investors are the most optimistic that they have been since 1987. We use this as a contrarian market risk indicator. The corporate debt-to-GDP ratio is elevated and matches prior business cycle peaks while the yield curve has flattened significantly. With a low unemployment rate and strong medium-term inflation fundamentals, we expect the Fed will be able to raise its policy rate by another 100 basis points by the end of 2018. That forecast, coupled with our forecast for a 2.7% 10-year US Treasury yield, suggests the yield curve is likely to invert in late 2018.

For 2018 in terms of eurozone government bonds, we expect core bonds to remain range-bound at 0-0.8% due to ECB bond purchases and lack of inflation. Peripheral bonds have done very well in 2017, which has pushed their valuation levels to neutral. As such, we have neutralised our overweight position. Our sentiment for core and peripheral government bonds is also neutral.

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

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

For Hong Kong Investors

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

Nikko Asset Management Asia Limited. Registration Number 198202562H

SOFT DOLLAR COMMISSIONS/ARRANGEMENTS

Appointment of soft dollar brokers

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

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

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

Execution and allocation

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

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

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

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

The following are, however, prohibited:

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

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

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

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

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

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

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

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

REPORT OF THE TRUSTEE
For the financial year ended 31 December 2017

The Trustee is under a duty to take into custody and hold the assets of the sub-funds of Nikko AM Shenton Horizon Investment Funds (the "Sub-Funds") in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Sub-Funds during the financial year covered by these financial statements, set out on pages 20 to 85, 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
29 March 2018

NIKKO AM SHENTON HORIZON INVESTMENT FUNDS

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

STATEMENT BY THE MANAGER

For the financial year ended 31 December 2017

In the opinion of Nikko Asset Management Asia Limited, the accompanying financial statements set out on pages 20 to 85, comprising the Statements of Total Return, Statements of Financial Position, Statements of Movements of Unitholders' Funds, Statements of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial positions and the portfolio holdings of the sub-funds of Nikko AM Shenton Horizon Investment Funds (the "Sub-Funds") as at 31 December 2017, 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 Sub-Funds will be able to meet its financial obligations as and when they materialise.

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

Authorised signatory
29 March 2018

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

Our Opinion

In our opinion, the accompanying financial statements of the sub-funds of Nikko AM Shenton Horizon Investment Funds, comprising of Nikko AM Global Dividend Equity Fund, Horizon Global Bond Fund, Singapore Dividend Equity Fund and Horizon Singapore Fixed Income Enhanced Fund (collectively referred to as the "Sub-Funds"), are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, so as to present fairly, in all material respects, the financial position and portfolio holdings of the Sub-Funds as at 31 December 2017, and of the financial performance and movements of unitholders' funds for the financial year ended on that date.

What we have audited

The financial statements of the Sub-Funds comprise:

- the Statements of Total Return for the financial year ended 31 December 2017;
- the Statements of Financial Position as at 31 December 2017;
- the Statements of Movements of Unitholders' Funds for the financial year ended 31 December 2017;
- the Statements of Portfolio as at 31 December 2017; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

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

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

Independence

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

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Manager's responsibilities include overseeing the Sub-Funds' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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, 29 March 2018

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

STATEMENTS OF TOTAL RETURN
For the financial year ended 31 December 2017

	Nikko AM Global Dividend Equity Fund		Horizon Global Bond Fund (S\$ Hedged)	
Note	2017 US\$	2016 US\$	2017 S\$	2016 S\$
Income				
Dividends	3,218,417	2,974,098	-	-
Interest	3,169	35	1,212	-
Other Income	3,683	-	-	-
	3,225,269	2,974,133	1,212	-
Less: Expenses				
Management fee	1,195,374	1,208,211	328,440	371,340
Management fee rebate	-	-	(164,697)	(186,901)
Registrar fee	31,917	28,900	17,534	17,785
Trustee fee	26,933	26,575	8,738	9,898
Custody fee	20,707	20,093	-	-
Audit fee	9,142	12,775	2,494	4,612
Valuation fee	40,514	39,867	13,139	14,857
Transaction costs	107,928	321,131	9,325	9,800
Other expenses	62,191	31,968	16,472	17,540
	1,494,706	1,689,520	231,445	258,931
Net income/(losses)	1,730,563	1,284,613	(230,233)	(258,931)
Net gains or losses on value of investments and financial derivatives				
Net gains on investments	11,674,210	6,162,714	81,646	1,453,230
Net foreign exchange gains/(losses)	32,660	(285,785)	(51,055)	22,925
Net gains/(losses) on financial derivatives	5,904,185	(1,512,805)	844,929	74,187
	17,611,055	4,364,124	875,520	1,550,342
Total return for the financial year before income tax	19,341,618	5,648,737	645,287	1,291,411
Less: Income tax	(586,409)	(669,938)	-	-
Total return for the financial year after income tax	18,755,209	4,978,799	645,287	1,291,411

The accompanying notes form an integral part of these financial statements

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

STATEMENTS OF TOTAL RETURN
For the financial year ended 31 December 2017

	Note	Singapore Dividend Equity Fund		Horizon Singapore Fixed Income Enhanced Fund	
		2017 S\$	2016 S\$	2017 S\$	2016 S\$
Income					
Dividends		4,759,583	5,362,866	-	-
Interest		3,531	-	-	-
		<u>4,763,114</u>	<u>5,362,866</u>	<u>-</u>	<u>-</u>
Less: Expenses					
Management fee		1,796,207	1,667,825	241,729	244,477
Management fee rebate		(321)	(224)	-	-
Registrar fee		100,704	87,736	16,817	17,036
Trustee fee		47,847	44,463	8,040	8,146
Custody fee		40,831	38,027	5,880	5,985
Audit fee		18,189	22,932	2,764	3,677
Valuation fee		76,810	67,505	12,091	12,225
Transaction costs		407,145	263,178	6,678	6,698
Other expenses		87,721	164,582	18,913	17,684
		<u>2,575,133</u>	<u>2,356,024</u>	<u>312,912</u>	<u>315,928</u>
Net income/(losses)		<u>2,187,981</u>	<u>3,006,842</u>	<u>(312,912)</u>	<u>(315,928)</u>
Net gains or losses on value of investments and financial derivatives					
Net gains on investments		29,180,818	2,881,869	1,383,134	917,934
Net foreign exchange gains/(losses)		(168,883)	36,123	(1)	(1)
		<u>29,011,935</u>	<u>2,917,992</u>	<u>1,383,133</u>	<u>917,933</u>
Total return for the financial year before income tax		<u>31,199,916</u>	<u>5,924,834</u>	<u>1,070,221</u>	<u>602,005</u>
Less: Income tax	3	<u>(95,424)</u>	<u>(127,225)</u>	<u>-</u>	<u>-</u>
Total return for the financial year after income tax		<u>31,104,492</u>	<u>5,797,609</u>	<u>1,070,221</u>	<u>602,005</u>

The accompanying notes form an integral part of these financial statements

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

STATEMENTS OF FINANCIAL POSITION
For the financial year ended 31 December 2017

	Note	Nikko AM Global Dividend Equity Fund		Horizon Global Bond Fund (S\$ Hedged)	
		2017 US\$	2016 US\$	2017 S\$	2016 S\$
ASSETS					
Portfolio of investments		80,598,159	78,442,089	25,001,997	25,496,324
Sales awaiting settlement		-	-	3,502	1,943
Receivables	4	158,987	129,492	-	80
Cash and bank balances		1,337,436	937,190	1,089,721	926,248
Financial derivatives at fair value	6	751,369	-	235,851	344,712
Total assets		82,845,951	79,508,771	26,331,071	26,769,307
LIABILITIES					
Payables	5	464,350	496,272	74,953	74,129
Purchases awaiting settlement		-	-	223,915	59,360
Distribution payable		33,896	39,393	-	-
Financial derivatives at fair value	6	-	1,485,783	64,632	522,273
Total liabilities		498,246	2,021,448	363,500	655,762
EQUITY					
Net assets attributable to unitholders	7	82,347,705	77,487,323	25,967,571	26,113,545
ASSETS					
	Note	Singapore Dividend Equity Fund		Horizon Singapore Fixed Income Enhanced Fund	
		2017 S\$	2016 S\$	2017 S\$	2016 S\$
Portfolio of investments		144,235,878	132,653,289	23,688,531	22,897,288
Sales awaiting settlement		-	267,117	-	-
Receivables	4	534,284	733,307	19,392	9,930
Cash and bank balances		3,143,691	3,212,249	990,856	1,276,739
Total assets		147,913,853	136,865,962	24,698,779	24,183,957
LIABILITIES					
Payables	5	1,302,402	769,141	93,425	86,959
Purchases awaiting settlement		-	409,288	520,637	-
Distribution payable		610,025	580,976	-	-
Total liabilities		1,912,427	1,759,405	614,062	86,959
EQUITY					
Net assets attributable to unitholders	7	146,001,426	135,106,557	24,084,717	24,096,998

The accompanying notes form an integral part of these financial statements

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

STATEMENTS OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the financial year ended 31 December 2017

	Note	Nikko AM Global Dividend Equity Fund		Horizon Global Bond Fund (S\$ Hedged)	
		2017 US\$	2016 US\$	2017 S\$	2016 S\$
Net assets attributable to unitholders at the beginning of the financial year		77,487,323	80,513,234	26,113,545	28,303,807
Operations					
Change in net assets attributable to unitholders resulting from operations		18,755,209	4,978,799	645,287	1,291,411
Unitholders' contributions/ (withdrawals)					
Creation of units		3,940,306	7,254,380	2,888,187	8,684,021
Cancellation of units		(17,376,536)	(14,718,317)	(3,679,448)	(12,165,694)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		(13,436,230)	(7,463,937)	(791,261)	(3,481,673)
Distributions	8	(458,597)	(540,773)	-	-
Total increase/(decrease) in net assets attributable to unitholders		4,860,382	(3,025,911)	(145,974)	(2,190,262)
Net assets attributable to unitholders at the end of the financial year	7	82,347,705	77,487,323	25,967,571	26,113,545

The accompanying notes form an integral part of these financial statements

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

STATEMENTS OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the financial year ended 31 December 2017

	Note	Singapore Dividend Equity Fund		Horizon Singapore Fixed Income Enhanced Fund	
		2017 S\$	2016 S\$	2017 S\$	2016 S\$
Net assets attributable to unitholders at the beginning of the financial year		135,106,557	132,136,216	24,096,998	24,368,609
Operations					
Change in net assets attributable to unitholders resulting from operations		31,104,492	5,797,609	1,070,221	602,005
Unitholders' contributions/ (withdrawals)					
Creation of units		45,606,498	35,167,378	1,544,819	1,532,333
Cancellation of units		(58,588,151)	(31,256,559)	(2,627,321)	(2,405,949)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		(12,981,653)	3,910,819	(1,082,502)	(873,616)
Distributions	8	(7,227,970)	(6,738,087)	-	-
Total increase/(decrease) in net assets attributable to unitholders		10,894,869	2,970,341	(12,281)	(271,611)
Net assets attributable to unitholders at the end of the financial year	7	146,001,426	135,106,557	24,084,717	24,096,998

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF PORTFOLIO

As at 31 December 2017

Nikko AM Global Dividend Equity Fund

By Geography (Primary)

	Holdings at 31 December 2017	Fair value at 31 December 2017 US\$	Percentage of total net assets attributable to unitholders at 31 December 2017 %
Quoted Equities			
AUSTRALIA			
Amcors Limited	108,839	1,312,685	1.60
Macquarie Group Limited	36,697	2,859,645	3.47
Total AUSTRALIA		4,172,330	5.07
BRITAIN			
Astrazeneca Public Listed Company	27,140	1,880,153	2.28
BAE Systems Public Listed Company	312,246	2,420,361	2.94
British American Tobacco Public Listed Company	22,348	1,497,539	1.82
BT Group Public Listed Company	342,317	1,258,192	1.53
Johnson Matthey Public Listed Company	44,930	1,869,004	2.27
Prudential Public Listed Company	121,987	3,144,497	3.82
Total BRITAIN		12,069,746	14.66
CANADA			
Enbridge Incorporated	51,448	2,012,131	2.44
Toronto-Dominion Bank	40,308	2,369,422	2.88
Total CANADA		4,381,553	5.32
GERMANY			
BASF SE	13,410	1,477,426	1.79
Deutsche Telekom AG	89,154	1,580,684	1.92
Siemens AG	23,454	3,268,382	3.97
Total GERMANY		6,326,492	7.68
JAPAN			
Amada Holdings Company Limited	133,600	1,819,285	2.21
Bridgestone Corporation	45,400	2,111,010	2.56
Daiwa House Industry Company Limited	53,500	2,054,989	2.50
Total JAPAN		5,985,284	7.27
NETHERLANDS			
ING Groep NV	113,324	2,085,418	2.53
Koninklijke Philips NV	51,510	1,950,851	2.37
Total NETHERLANDS		4,036,269	4.90

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF PORTFOLIO
As at 31 December 2017

Nikko AM Global Dividend Equity Fund

By Geography (Primary) (continued)

	Holdings at 31 December 2017	Fair value at 31 December 2017 US\$	Percentage of total net assets attributable to unitholders at 31 December 2017 %
Quoted Equities (continued)			
NORWAY			
Marine Harvest Asa	81,449	1,384,147	1.68
Total NORWAY		<u>1,384,147</u>	<u>1.68</u>
SPAIN			
Bankinter SA	247,834	2,352,223	2.86
Total SPAIN		<u>2,352,223</u>	<u>2.86</u>
SWEDEN			
Nordea Bank AB	183,672	2,222,022	2.70
Swedbank AB	83,281	2,004,857	2.43
Total SWEDEN		<u>4,226,879</u>	<u>5.13</u>
SWITZERLAND			
Roche Holding AG	8,825	2,232,341	2.71
Total SWITZERLAND		<u>2,232,341</u>	<u>2.71</u>
TAIWAN			
CTBC Financial Holding Company Limited	2,922,000	2,012,904	2.44
Taiwan Semiconductor Manufacturing Company Limited	194,000	1,496,144	1.82
Total TAIWAN		<u>3,509,048</u>	<u>4.26</u>
UNITED STATES OF AMERICA			
AbbVie Incorporated	23,548	2,280,859	2.77
AT&T Incorporated	49,139	1,911,507	2.32
Cedar Fair LP	38,135	2,475,343	3.01
Chevron Corporation	20,237	2,537,517	3.08
Coca-Cola Company	48,834	2,243,434	2.72
Microsoft Corporation	56,149	4,805,793	5.84
Occidental Petroleum Corporation	20,800	1,532,960	1.86
Pfizer Incorporated	72,876	2,641,755	3.21

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

STATEMENT OF PORTFOLIO

As at 31 December 2017

Nikko AM Global Dividend Equity Fund

By Geography (Primary) (continued)

	Holdings at 31 December 2017	Fair value at 31 December 2017 US\$	Percentage of total net assets attributable to unitholders at 31 December 2017 %
Quoted Equities (continued)			
UNITED STATES OF AMERICA (continued)			
Philip Morris International Incorporated	25,855	2,731,581	3.32
Six Flags Entertainment Corporation	33,285	2,216,115	2.69
Total UNITED STATES OF AMERICA		25,376,864	30.82
Total Quoted Equities		76,053,176	92.36
Quoted Real Estate Investment Trusts			
SPAIN			
Merlin Properties Socimi SA	151,722	2,058,722	2.50
Total SPAIN		2,058,722	2.50
UNITED STATES OF AMERICA			
Digital Realty Trust Incorporated	21,724	2,474,581	3.01
Total UNITED STATES OF AMERICA		2,474,581	3.01
Total Quoted Real Estate Investment Trusts		4,533,303	5.51
Quoted Derivatives			
UNITED STATES OF AMERICA			
Safeway Incorporation Rights Casa Lay 30/01/2019	10,980	11,144	0.01
Safeway Rights PDC 30/01/2017	10,980	536	-
Total UNITED STATES OF AMERICA		11,680	0.01
Total Quoted Derivatives		11,680	0.01
Portfolio of investments		80,598,159	97.88
Other net assets		1,749,546	2.12
Net assets attributable to unitholders		82,347,705	100.00

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF PORTFOLIO

As at 31 December 2017

By Geography (Summary)	Nikko AM Global Dividend Equity Fund	
	Percentage of total net assets attributable to unitholders at 31 December 2017	Percentage of total net assets attributable to unitholders at 31 December 2016
	%	%
Quoted Equities		
Australia	5.07	6.52
Britain	14.66	14.05
Canada	5.32	2.57
France	-	5.67
Germany	7.68	7.59
Japan	7.27	8.35
Netherlands	4.90	-
Norway	1.68	2.51
Portugal	-	2.11
Spain	2.86	2.83
Sweden	5.13	7.73
Switzerland	2.71	2.61
Taiwan	4.26	4.11
Thailand	-	1.54
United States of America	30.82	30.90
Total Quoted Equities	92.36	99.09
Quoted Real Estate Investment Trusts		
Spain	2.50	2.13
United States of America	3.01	-
Total Quoted Real Estate Investment Trusts	5.51	2.13
Quoted Derivatives		
United States of America	0.01	0.01
Total Quoted Derivatives	0.01	0.01
Portfolio of investments	97.88	101.23
Other net assets/liability	2.12	(1.23)
Net assets attributable to unitholders	100.00	100.00

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF PORTFOLIO

As at 31 December 2017

Nikko AM Global Dividend Equity Fund			
By Industry (Secondary)	Fair value at 31 December 2017 US\$	Percentage of total net assets attributable to unitholders at 31 December 2017 %	Percentage of total net assets attributable to unitholders at 31 December 2016 %
Aerospace/Defense	2,420,361	2.94	3.40
Agriculture	4,229,120	5.14	5.48
Auto Parts & Equipment	2,111,010	2.56	2.12
Banks	13,893,587	16.87	10.66
Beverages	2,243,434	2.72	-
Chemicals	3,346,430	4.06	1.61
Diversified Financial Services	2,012,904	2.44	5.05
Electrical Components and Equipment	-	-	3.13
Electronics	1,950,851	2.37	-
Entertainment	4,691,458	5.70	5.74
Food	1,395,827	1.69	2.52
Home Builders	2,054,989	2.50	1.89
Household Products/Wares	-	-	2.61
Insurance	3,144,497	3.82	6.25
Machinery-Diversified	1,819,285	2.21	1.93
Metal Fabricate/Hardware	-	-	2.46
Miscellaneous Manufacture	3,268,382	3.97	3.25
Oil and Gas	4,070,477	4.94	8.74
Packaging & Containers	1,312,685	1.60	1.52
Pharmaceuticals	9,035,108	10.97	10.67
Pipelines	2,012,131	2.44	2.77
Real Estate Investment Trusts (REITS)	4,533,303	5.51	2.13
Semiconductors	1,496,144	1.82	2.05
Software	4,805,793	5.84	3.11
Telecommunications	4,750,383	5.77	7.43
Transportation	-	-	2.17
Water	-	-	2.54
Portfolio of investments	80,598,159	97.88	101.23
Other net assets	1,749,546	2.12	(1.23)
Net assets attributable to unitholders	82,347,705	100.00	100.00

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF PORTFOLIO

As at 31 December 2017

Horizon Global Bond Fund (S\$ Hedged)

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 Investment Fund			
IRELAND			
Russell Investment Company PLC - Russell Global Bond Fund (Class A)	62,879	25,001,997	96.28
Total IRELAND		25,001,997	96.28
Total Quoted Investment Fund		25,001,997	96.28
Portfolio of investments		25,001,997	96.28
Other net assets		965,574	3.72
Net assets attributable to unitholders		25,967,571	100.00

By Geography (Summary)

	Percentage of total net assets attributable to unitholders at 31 December 2017 %	Percentage of total net assets attributable to unitholders at 31 December 2016 %
Quoted Investment Fund		
Ireland	96.28	97.64
Total Quoted Investment Fund	96.28	97.64
Portfolio of investments	96.28	97.64
Other net assets	3.72	2.36
Net assets attributable to unitholders	100.00	100.00

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

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF PORTFOLIO

As at 31 December 2017

Singapore Dividend Equity Fund			
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 Equities			
BERMUDA ISLANDS			
Hongkong Land Holdings Limited	569,600	5,358,949	3.67
Valuetronics Holdings Limited	2,144,410	1,951,413	1.34
Total BERMUDA ISLANDS		7,310,362	5.01
ISLE OF MAN			
Genting Singapore Public Listed Company	1,228,400	1,609,204	1.10
Total ISLE OF MAN		1,609,204	1.10
SINGAPORE			
Bukit Sembawang Estates Limited	305,800	1,917,366	1.31
Bumitama Agri Limited	1,330,600	991,297	0.68
CapitaLand Limited	615,200	2,171,656	1.49
City Developments Limited	106,600	1,331,434	0.91
DBS Group Holdings Limited	642,900	15,976,065	10.94
First Resources Limited	756,700	1,415,029	0.97
Health Management International Limited	3,417,145	2,255,316	1.54
Keppel Corporation Limited	1,283,500	9,433,725	6.46
Keppel Telecommunications & Transportation Limited	967,400	1,518,818	1.04
No Signboard Holdings Limited	768,200	195,891	0.13
Oversea-Chinese Banking Corporation Limited	1,226,800	15,200,052	10.41
RE&S Holdings Limited	1,166,200	309,043	0.21
SATS Limited	883,200	4,592,640	3.15
Singapore Exchange Limited	192,800	1,434,432	0.98
Singapore Technologies Engineering Limited	847,900	2,764,154	1.89
Singapore Telecommunications Limited	1,576,800	5,629,176	3.86
United Overseas Bank Limited	538,200	14,235,390	9.75
UOL Group Limited	204,900	1,817,463	1.24
Venture Corporation Limited	341,700	6,994,599	4.79
Wheelock Properties Singapore Limited	1,477,800	2,807,820	1.92
Wilmar International Limited	483,700	1,494,632	1.02
Wing Tai Holdings Limited	1,264,900	2,883,971	1.98
Total SINGAPORE		97,369,969	66.69
THAILAND			
Thai Beverage Public Company Limited	4,557,800	4,193,176	2.87
Total THAILAND		4,193,176	2.87
Total Quoted Equities		110,482,711	75.67

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

STATEMENT OF PORTFOLIO

As at 31 December 2017

Singapore Dividend Equity Fund

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 Investment Fund			
SINGAPORE			
Keppel Infrastructure Trust	4,052,600	2,330,245	1.60
Netlink NBN Trust	3,626,700	3,028,294	2.07
Total SINGAPORE		5,358,539	3.67
Total Quoted Investment Fund		5,358,539	3.67
Quoted Real Estate Investment Trusts			
HONG KONG SAR			
Champion REIT	2,674,000	2,619,355	1.79
Link REIT	214,000	2,650,516	1.82
Total HONG KONG SAR		5,269,871	3.61
SINGAPORE			
Cache Logistics Trust	969,252	828,710	0.57
CapitaLand Commercial Trust	936,909	1,808,234	1.24
CDL Hospitality Trusts	1,355,800	2,291,302	1.57
Far East Hospitality Trust	5,278,100	3,800,232	2.60
Frasers Logistics & Industrial Trust	2,384,400	2,765,904	1.89
Keppel DC REIT	1,612,222	2,305,477	1.58
Keppel-KBS US REIT	1,593,500	1,927,248	1.32
Manulife US Real Estate Investment Trust	1,180,979	1,428,327	0.98
Mapletree Logistics Trust	2,909,200	3,840,144	2.63
Parkway Life Real Estate Investment Trust	712,100	2,129,179	1.46
Total SINGAPORE		23,124,757	15.84
Total Quoted Real Estate Investment Trusts		28,394,628	19.45
Portfolio of investments		144,235,878	98.79
Other net assets		1,765,548	1.21
Net assets attributable to unitholders		146,001,426	100.00

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF PORTFOLIO

As at 31 December 2017

	Singapore Dividend Equity Fund	
By Geography (Summary)	Percentage of total net assets attributable to unitholders at 31 December 2017 %	Percentage of total net assets attributable to unitholders at 31 December 2016 %
Quoted Equities		
Bermuda Islands	5.01	10.06
Isle of Man	1.10	2.49
Mauritius	-	2.21
Singapore	66.69	65.22
Thailand	2.87	2.78
Total Quoted Equities	75.67	82.76
Quoted Investment Fund		
Singapore	3.67	1.42
Total Quoted Investment Fund	3.67	1.42
Quoted Real Estate Investment Trusts		
Hong Kong SAR	3.61	2.02
Singapore	15.84	11.98
Total Quoted Real Estate Investment Trusts	19.45	14.00
Portfolio of investments	98.79	98.18
Other net assets	1.21	1.82
Net assets attributable to unitholders	100.00	100.00

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF PORTFOLIO

As at 31 December 2017

By Industry (Secondary)	Singapore Dividend Equity Fund		
	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 31 December 2016 %
	Agriculture	2,406,326	1.65
Banks	45,411,507	31.10	28.72
Beverages	4,193,176	2.87	2.78
Commercial Services	-	-	1.51
Distribution/Wholesale	-	-	1.06
Diversified Financial Services	1,434,432	0.98	2.47
Electronics	8,946,012	6.13	4.47
Engineering and Construction	7,356,794	5.04	3.71
Entertainment	1,609,204	1.10	2.49
Food	1,494,632	1.02	2.09
Food Service	309,043	0.21	-
Gas	2,330,245	1.60	1.42
Healthcare-Services	2,255,316	1.54	1.20
Holding Companies-Diversified	9,433,725	6.46	7.29
Lodging	1,331,434	0.91	-
Office/Business Equipment	-	-	0.53
Real Estate	16,957,225	11.61	8.11
Real Estate Investment Trusts (REITS)	28,394,628	19.45	13.99
Retail	195,891	0.13	1.80
Telecommunications	8,657,470	5.93	8.25
Transportation	1,518,818	1.04	2.78
Portfolio of investments	144,235,878	98.79	98.18
Other net assets	1,765,548	1.21	1.82
Net assets attributable to unitholders	146,001,426	100.00	100.00

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF PORTFOLIO

As at 31 December 2017

Horizon Singapore Fixed Income Enhanced Fund			
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			
BRITISH VIRGIN ISLANDS			
Huarong Finance 2017 Company Limited 3.2% due 27/04/2021	250,000	250,250	1.04
Huarong Finance 2017 Company Limited 3.8% due 07/11/2025	500,000	504,062	2.09
Total BRITISH VIRGIN ISLANDS		754,312	3.13
CANADA			
Manulife Financial Corporation 3.85% due 25/05/2026	750,000	782,974	3.25
Total CANADA		782,974	3.25
CHINA			
China Construction Bank Corporation/Singapore 2.08% due 26/10/2020	750,000	748,500	3.11
Total CHINA		748,500	3.11
MALAYSIA			
Danga Capital Berhad 3.725% due 11/08/2020	750,000	772,327	3.21
Total MALAYSIA		772,327	3.21
SINGAPORE			
BOC Aviation Limited 3.93% due 11/05/2025	500,000	525,465	2.18
CCT MTN Private Limited 2.96% due 13/08/2021	500,000	512,316	2.13
DBS Bank Limited 3.1% due 14/02/2023	500,000	499,777	2.08
DBS Group Holdings Limited 4.7% due 29/12/2049	250,000	257,571	1.07
Housing & Development Board 2.35% due 25/05/2027	500,000	504,886	2.10
Keppel Corporation Limited 3.1% due 12/10/2020	250,000	255,362	1.06
Mapletree Commercial Trust Treasury Company Private Limited 2.795% due 15/11/2023	250,000	252,449	1.05
Mapletree Treasury Services Limited 2.92% due 21/01/2019	500,000	505,629	2.10
Mercatus Co-Operative Limited 2.8% due 26/07/2024	250,000	251,781	1.05
Prime Asset Holdings Limited 2.9% due 24/10/2024	250,000	250,537	1.04
Public Utilities Board 3.9% due 31/08/2018	500,000	508,248	2.11
Singapore Airlines Limited 3.13% due 23/08/2027	500,000	510,571	2.12
Singapore Government Bond 1.25% due 01/10/2021	500,000	492,100	2.04
Singapore Government Bond 1.625% due 01/10/2019	950,000	949,810	3.94
Singapore Government Bond 2.125% due 01/06/2026	100,000	101,050	0.42
Singapore Government Bond 2.25% due 01/06/2021	2,750,000	2,802,250	11.63
Singapore Government Bond 2.25% due 01/08/2036	600,000	589,500	2.45
Singapore Government Bond 2.75% due 01/04/2042	1,050,000	1,107,750	4.60

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF PORTFOLIO

As at 31 December 2017

Horizon Singapore Fixed Income Enhanced Fund

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)			
Singapore Government Bond 2.75% due 01/03/2046	1,150,000	1,223,600	5.08
Singapore Government Bond 2.875% due 01/09/2030	950,000	1,017,925	4.23
Singapore Government Bond 2.875% due 01/07/2029	1,200,000	1,293,600	5.37
Singapore Government Bond 3% due 01/09/2024	400,000	427,200	1.77
Singapore Government Bond 3.125% due 01/09/2022	300,000	319,050	1.32
Singapore Government Bond 3.25% due 01/09/2020	400,000	416,480	1.73
Singapore Government Bond 3.375% due 01/09/2033	1,200,000	1,362,000	5.66
Singapore Government Bond 3.5% due 01/03/2027	150,000	168,750	0.70
Singapore Technologies Telemedia Private Limited 4.05% due 02/12/2025	1,000,000	1,076,978	4.47
Starhill Global REIT MTN Private Limited 3.4% due 26/05/2023	250,000	257,460	1.07
Starhub Limited 3.95% due 31/12/2049	250,000	254,163	1.06
Suntec REIT MTN Private Limited 2.85% due 02/08/2023	500,000	504,739	2.10
United Overseas Bank Limited 3.5% due 27/02/2029	500,000	515,253	2.14
Total SINGAPORE		19,714,250	81.85
SOUTH KOREA			
Export-Import Bank of Korea 2.318% due 27/09/2022	500,000	500,660	2.08
Total SOUTH KOREA		500,660	2.08
SWITZERLAND			
Julius Baer Group Limited 5.9% due 29/12/2049	250,000	261,686	1.09
Total SWITZERLAND		261,686	1.09
Accrued Interest receivable on Quoted Fixed Income Securities		153,822	0.64
Total Quoted Fixed Income Securities		23,688,531	98.36
Portfolio of investments		23,688,531	98.36
Other net assets		396,186	1.64
Net assets attributable to unitholders		24,084,717	100.00

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF PORTFOLIO

As at 31 December 2017

By Geography (Summary)	Horizon Singapore Fixed Income Enhanced Fund	
	Percentage of total net assets attributable to unitholders at 31 December 2017 %	Percentage of total net assets attributable to unitholders at 31 December 2016 %
Quoted Fixed Income Securities		
Australia	-	5.25
British Virgin Islands	3.13	-
Canada	3.25	-
China	3.11	1.04
Malaysia	3.21	5.23
Singapore	81.85	81.68
South Korea	2.08	1.05
Switzerland	1.09	-
Accrued Interest receivable on quoted fixed income securities	0.64	0.77
Total Quoted Fixed Income Securities	98.36	95.02
Portfolio of investments	98.36	95.02
Other net assets	1.64	4.98
Net assets attributable to unitholders	100.00	100.00

By Industry (Secondary)	Horizon Singapore Fixed Income Enhanced Fund		
	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 31 December 2016 %
Airlines	510,571	2.12	-
Banks	2,021,101	8.39	14.62
Diversified Financial Services	1,541,463	6.40	5.22
Holding Companies-Diversified	255,362	1.06	-
Insurance	782,974	3.25	3.26
Investment Companies	505,629	2.10	-
Private Equity	251,781	1.05	-
Real Estate	250,537	1.04	3.20
Real Estate Investment Trusts (REITS)	1,526,964	6.34	7.19
Sovereign	14,557,186	60.44	55.41
Telecommunications	1,331,141	5.53	5.35
Accrued Interest receivable on quoted fixed income securities	153,822	0.64	0.77
Portfolio of investments	23,688,531	98.36	95.02
Other net assets	396,186	1.64	4.98
Net assets attributable to unitholders	24,084,717	100.00	100.00

The accompanying notes form an integral part of these financial statements

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

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

1. General

Nikko AM Shenton Horizon Investment Funds (the "Sub-Funds") is a Singapore domiciled fund, constituted under a Trust Deed dated 25 June 1999 as amended by Supplemental Deeds and Amended and Restated Deeds (collectively referred to as the "Deeds"). The Deeds are governed by the laws of the Republic of Singapore. The Trustee of the Sub-Funds is BNP Paribas Trust Services Singapore Limited (the "Trustee"). The Manager of the Sub-Funds is Nikko Asset Management Asia Limited.

Nikko AM Global Dividend Equity Fund

There are five classes of units established within the Sub-Fund, namely the S\$ Hedged (Acc), the S\$ Hedged (Dist), the US\$ (Acc), the US\$ (Dist) and the CNH Hedged (Dist).

There are no material differences between the S\$ Hedged (Acc) Class Units, the US\$ (Acc) Class Units, the S\$ Hedged (Dist) Class Units, the US\$ (Dist) Class Units and the CNH Hedged (Dist) Class Units of the Nikko AM Global Dividend Equity Fund save for (i) the currency of denomination, minimum initial investment amount and minimum subsequent investment amount; (ii) the hedging features of the S\$ Hedged (Acc) Class, the S\$ Hedged (Dist) Class and the CNH Hedged (Dist) Class; and (iii) the distribution policies applicable to the classes.

As of 31 December 2017, only units in S\$ Hedged (Acc), the S\$ Hedged (Dist), the US\$ (Acc), and the CNH Hedged (Dist) Class have been issued.

Horizon Global Bond Fund (S\$ Hedged)

There are three classes of units established within the Sub-Fund, namely the S\$, the United States Dollar ("USD" or "US\$") and RMB.

There are no material differences between the S\$ Class Units and the US\$ Class Units of each Sub-Fund save for the currency of denomination. The RMB Class Units of each Sub-Fund differ from the S\$ Class Units and the US\$ Class Units of each Sub-Fund in terms of their currency of denomination, minimum initial investment amount, minimum subsequent investment amount, minimum realisation amount and initial sales charge.

As of 31 December 2017, only units in S\$ Class has been issued.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

1. General (continued)

Singapore Dividend Equity Fund

There are five classes of units established within the Sub-Fund, namely the S\$, the US\$, JPY, RMB and MYR.

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

The Singapore Dividend Equity Fund has been assessed by the Monetary Authority of Singapore as suitable to apply to the Securities Commission Malaysia to be offered to the public in Malaysia pursuant to the ASEAN CIS Framework. The S\$ Class Units, US\$ Class Units and MYR Class Units are launched in Malaysia on 8 March 2016.

As of 31 December 2017, only units in S\$, US\$, JPY and MYR Class have been issued.

Horizon Singapore Fixed Income Enhanced Fund

There are three classes of units established within the Sub-Fund, namely the S\$, US\$ and RMB.

There are no material differences between the S\$ Class Units and the US\$ Class Units of each Sub-Fund save for the currency of denomination. The RMB Class Units of each Sub-Fund differ from the S\$ Class Units and the US\$ Class Units of each Sub-Fund in terms of their currency of denomination, minimum initial investment amount, minimum subsequent investment amount, minimum realisation amount and initial sales charge.

As of 31 December 2017, only units in S\$ Class has been issued.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

2. Significant accounting policies

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

(a) Basis of preparation

The financial statements have been prepared under the historical-cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, and in accordance with the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants In June 2016 for the financial year beginning on or after July 2016.

The Sub-Funds have adopted the following Singapore Financial Reporting Standards ("FRS") and related amendments in accordance with the recommendations of the RAP7:

(i) Consolidation and disclosure of interests in other entities

FRS 110 "Consolidated financial statements"
FRS 112 "Disclosure of interests in other entities"
Amendments to FRS 110, FRS 112 and FRS 27 "Investment entities"

FRS 110 and the amendments define an investment entity and introduce an exception from the consolidation requirements for investment entities.

FRS 112 and the amendments require entities to disclose significant judgements and assumptions made in determining whether the entity controls, jointly controls, significantly influences or has some interests in other entities. Entities are also required to provide disclosure around certain "structured entities". The amendments to FRS 112 introduce new disclosure requirements related to investment entities.

(ii) Offsetting financial assets and liabilities disclosures

Amendments to FRS 32 "Financial instruments: Presentation – Offsetting financial assets and financial liabilities"
Amendments to FRS 107 "Disclosures – Offsetting financial assets and financial liabilities"

The amendments to FRS 32 provide clarification on the offsetting criteria in FRS 32 and address inconsistencies in their application.

The amendments to FRS 107 require additional disclosures to enable users of financial statements to evaluate the effect or the potential effects of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

The adoption of these new or amended FRS impacted the Sub-Funds' level of disclosures in certain of the above noted areas, but did not result in substantial changes to the accounting policies of the Sub-Funds and had no material effect on the amounts reported for the current or prior financial years.

(b) Recognition of income

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

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

(c) Expenses charged to the Sub-Funds

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

(d) Investments

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

(i) *Initial recognition*

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

(ii) *Subsequent measurement*

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

(iii) *Derecognition*

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

2. Significant accounting policies (continued)

(e) Basis of valuation of investments

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The quoted market price used for equities securities held by the Sub-Funds is the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value. The quoted market price used for fixed income securities held by the Sub-Funds is the mid-market price for both financial assets and financial liabilities. The fair value of investments held in underlying funds is the quoted net asset value of the underlying fund as determined by the underlying fund's administrator.

(f) Receivables

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

(g) Foreign currency translation

(i) *Functional and presentation currency*

The Sub-Funds qualify as an authorised scheme under the Securities and Future Act ("SFA") of Singapore and is offered to retail investors in Singapore. The Sub-Funds activities are substantially based in Singapore, with subscriptions and redemptions of the units of the Sub-Funds denominated in Singapore Dollars ("S\$") and United States Dollars ("US\$").

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

(ii) *Transactions and balances*

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

2. Significant accounting policies (continued)

(h) Offsetting financial instruments

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

(i) Collateral

Cash collateral provided by the Sub-Funds is identified in the Statements of Financial Position as margin cash and is not included as a component of cash and cash equivalents. For collateral other than cash, if the party to whom the collateral is provided has the right by contract or custom to sell or re-pledge the collateral, the Sub-Funds classify that asset in its Statements of Financial Position separately from other assets and identifies the asset as pledged collateral. Where the party to whom the collateral is provided does not have the right to sell or re-pledge, a disclosure of the collateral provided is made in the Notes to the Financial Statements.

(j) Structured entities

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

2. Significant accounting policies (continued)

(j) Structured Entities (continued)

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

(k) Financial derivatives

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

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

(l) Distributions

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

3. Income Tax

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

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

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

3. Income Tax (continued)

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

Income tax for the financial year ended 31 December 2017 and 2016 comprises:

	Nikko AM Global Dividend Equity Fund	
	2017	2016
	US\$	US\$
Singapore income tax	-	1,164
Overseas income tax	586,409	668,774
	586,409	669,938

	Singapore Dividend Equity Fund	
	2017	2016
	S\$	S\$
Singapore income tax	95,424	127,202
Overseas income tax	-	23
	95,424	127,225

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

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

NIKKO AM SHENTON HORIZON INVESTMENT FUNDS
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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

4. Receivables

	Nikko AM Global Dividend Equity Fund		Horizon Global Bond Fund (S\$ Hedged)	
	2017 US\$	2016 US\$	2017 S\$	2016 S\$
Receivable from unitholders for creation of units	41,711	36,580	-	-
Dividends receivable	117,276	92,687	-	-
Other receivables	-	225	-	80
	158,987	129,492	-	80

	Singapore Dividend Equity Fund		Horizon Singapore Fixed Income Enhanced Fund	
	2017 S\$	2016 S\$	2017 S\$	2016 S\$
Receivable from unitholders for creation of units	379,758	508,071	2,000	990
Dividends receivable	154,526	225,236	-	-
Accrued interest receivable	-	-	17,392	8,696
Other receivables	-	-	-	244
	534,284	733,307	19,392	9,930

5. Payables

	Nikko AM Global Dividend Equity Fund		Horizon Global Bond Fund (S\$ Hedged)	
	2017 US\$	2016 US\$	2017 S\$	2016 S\$
Payable to unitholders for cancellation of units	89,248	135,224	11,323	10,165
Amount due to the Manager	328,913	318,761	47,291	48,349
Amount due to Trustee	7,217	7,074	2,349	2,432
Registrar fee payable	4,881	4,684	4,180	4,180
Provision for audit fee	10,970	14,523	3,622	5,355
Valuation fee payable	10,852	10,626	3,528	3,648
Amount due to custodian	3,845	5,380	-	-
Other payables	8,424	-	2,660	-
	464,350	496,272	74,953	74,129

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

5. Payables (continued)

	Singapore Dividend Equity Fund		Horizon Singapore Fixed Income Enhanced Fund	
	2017 S\$	2016 S\$	2017 S\$	2016 S\$
Payable to unitholders for cancellation of units	693,500	197,854	10,817	7,521
Amount due to the Manager	498,749	467,007	65,993	64,316
Amount due to Trustee	13,167	12,446	2,172	2,140
Registrar fee payable	6,379	8,876	4,180	4,180
Provision for audit fee	19,743	24,056	3,329	4,412
Valuation fee payable	19,721	18,584	3,265	3,215
Amount due to custodian	8,123	7,595	1,197	1,175
Other payables	43,020	32,723	2,472	-
	1,302,402	769,141	93,425	86,959

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

6. Financial derivatives at fair value

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

	Nikko AM Global Dividend Equity Fund					
	Contract or Underlying Principal Amount		Year-End Positive Fair Value		Year-End Negative Fair Value	
	2017	2016	2017	2016	2017	2016
	US\$	US\$	US\$	US\$	US\$	US\$
Forward foreign exchange contracts	80,765,154	77,179,040	751,369	-	-	1,485,783

	Horizon Global Bond Fund (S\$ Hedged)					
	Contract or Underlying Principal Amount		Year-End Positive Fair Value		Year-End Negative Fair Value	
	2017	2016	2017	2016	2017	2016
	S\$	S\$	S\$	S\$	S\$	S\$
Forward foreign exchange contracts	23,275,541	23,703,617	235,851	344,712	64,632	522,273

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6. Financial derivatives at fair value (continued)

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

Financial assets and financial liabilities which are subject to enforceable master netting agreements or similar agreements for the period ended 2017 and 2016 are detailed in the following table:

Nikko AM Global Dividend Equity Fund

(i) **Offsetting financial assets**

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

	Gross amounts of recognised financial assets US\$	Gross amounts of recognised financial liabilities set off in the Statement of Financial Position US\$	Net amounts of financial assets presented in the Statement of Financial Position US\$	Related accounts not set-off in the Statement of Financial Position		
				Financial Instruments US\$	Cash collateral US\$	Net exposure US\$
2016						
Forward foreign exchange contracts	-	-	-	-	-	-

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6. Financial derivatives at fair value (continued)

Nikko AM Global Dividend Equity Fund (continued)

(ii) Offsetting financial liabilities

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

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the Statement of Financial Position	Net amounts of financial liabilities presented in the Statement of Financial Position	Related accounts not set-off in the Statement of Financial Position		
				Financial Instruments	Cash collateral	Net exposure
2016	US\$	US\$	US\$	US\$	US\$	US\$
Forward foreign exchange contracts	1,482,648	-	1,482,648	-	-	1,482,648

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6. Financial derivatives at fair value (continued)

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

(i) Offsetting financial assets

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

	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the Statement of Financial Position	Net amounts of financial assets presented in the Statement of Financial Position	Related accounts not set-off in the Statement of Financial Position		
				Financial Instruments	Cash collateral	Net exposure
2016	S\$	S\$	S\$	S\$	S\$	S\$
Forward foreign exchange contracts	344,712	-	344,712	344,712	-	-

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6. Financial derivatives at fair value (continued)

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

(ii) Offsetting financial liabilities

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

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the Statement of Financial Position	Net amounts of financial liabilities presented in the Statement of Financial Position	Related accounts not set-off in the Statement of Financial Position		
				Financial Instruments	Cash collateral	Net exposure
2016	S\$	S\$	S\$	S\$	S\$	S\$
Forward foreign exchange contracts	522,273	-	522,273	344,712	-	177,561

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7. Units in issue

During the year ended 31 December 2017 and 31 December 2016, the number of units issued, redeemed and outstanding were as follows:

Nikko AM Global Dividend Equity Fund

	2017	2016
S\$ Hedged (Acc) Class		
Units at beginning of the financial year	85,428,099	91,346,366
Units created	1,930,725	8,142,621
Units cancelled	(15,580,448)	(14,060,888)
Units at end of the financial year	<u>71,778,376</u>	<u>85,428,099</u>
Net assets attributable to unitholders - US\$	71,691,678	67,417,411
Net asset value per unit - US\$	<u>0.999</u>	<u>0.789</u>

	2017	2016
US\$ (Acc) Class		
Units at beginning of the financial year	510,898	433,351
Units created	-	127,968
Units cancelled	(74,375)	(50,421)
Units at end of the financial year	<u>436,523</u>	<u>510,898</u>
Net assets attributable to unitholders - US\$	442,789	444,332
Net asset value per unit - US\$	<u>1.014</u>	<u>0.870</u>

	2017	2016
CNH Hedged (Dist) Class		
Units at beginning of the financial year	192,257	156,918
Units created	2,704	69,179
Units cancelled	(85,622)	(33,840)
Units at end of the financial year	<u>109,339</u>	<u>192,257</u>
Net assets attributable to unitholders - US\$	172,428	249,158
Net asset value per unit - US\$	<u>1.577</u>	<u>1.296</u>

	2017	2016
S\$ Hedged (Dist) Class		
Units at beginning of the financial year	14,655,069	19,131,293
Units created	2,919,705	1,011,959
Units cancelled	(4,546,794)	(5,488,183)
Units at end of the financial year	<u>13,027,980</u>	<u>14,655,069</u>
Net assets attributable to unitholders - US\$	10,040,810	9,376,422
Net asset value per unit - US\$	<u>0.771</u>	<u>0.640</u>

NIKKO AM SHENTON HORIZON INVESTMENT FUNDS
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7. Units in issue (continued)

Nikko AM Global Dividend Equity Fund (continued)

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

	2017 US\$	2016 US\$
S\$ Hedged (Acc) Class		
Net assets attributable to unitholders as per financial statements per unit	0.999	0.789
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>0.999</u>	<u>0.789</u>
US\$ (Acc) Class		
Net assets attributable to unitholders as per financial statements per unit	1.014	0.870
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>1.014</u>	<u>0.870</u>
CNH Hedged (Dist) Class		
Net assets attributable to unitholders as per financial statements per unit	1.577	1.296
Effect of distribution	0.005	0.005
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>1.582</u>	<u>1.301</u>
S\$ Hedged (Dist) Class		
Net assets attributable to unitholders as per financial statements per unit	0.771	0.640
Effect of distribution	0.003	0.003
Effect for movement in the net asset value between the last dealing date and the end of the reporting period [^]	(0.001)	-
Net assets attributable to unitholders for issuing/redeeming per unit	<u>0.773</u>	<u>0.643</u>

[^] The net asset value for the purpose of processing unit subscription and redemption was established in accordance with the Prospectus on 31 December 2017. This item reflects the movement in net asset value between the last dealing date and the end of reporting period due to accrual of operating expenses. In 2016, the effect is less than 0.001.

Horizon Global Bond Fund (S\$ Hedged)

	2017	2016
Units at beginning of the financial year	17,045,953	19,217,631
Units created	1,851,379	5,664,637
Units cancelled	(2,360,922)	(7,836,315)
Units at end of the financial year	<u>16,536,410</u>	<u>17,045,953</u>
Net assets attributable to unitholders - S\$	25,967,571	26,113,545
Net asset value per unit - S\$	<u>1.570</u>	<u>1.532</u>

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7. Units in issue (continued)

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

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

	2017 S\$	2016 S\$
Net assets attributable to unitholders as per financial statements per unit	1.570	1.532
Effect of movement in the net asset value between the last dealing date and the end of the reporting period per unit [^]	(0.005)	(0.004)
Net assets attributable to unitholders for issuing/redeeming per unit	1.565	1.528

[^] The net asset value for the purpose of processing unit subscription and redemption was established in accordance with the Prospectus on 31 December 2017. 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 and adjustment of net asset value for investment in an underlying fund.

Singapore Dividend Equity Fund

	2017	2016
SGD Class		
Units at beginning of the financial year	94,317,782	91,423,653
Units created	24,442,982	23,707,934
Units cancelled	(35,841,926)	(20,813,805)
Units at end of the financial year	82,918,838	94,317,782
Net assets attributable to unitholders - S\$	136,637,988	131,458,046
Net asset value per unit - S\$	1.648	1.394

	2017	2016
JPY Class		
Units at beginning of the financial year	14,308,697	12,347,808
Units created	33,988,217	3,759,873
Units cancelled	(13,410,499)	(1,798,984)
Units at end of the financial year	34,886,415	14,308,697
Net assets attributable to unitholders - S\$	488,068	166,994
Net asset value per unit - S\$	0.014	0.012

	2017	2016
USD Class		
Units at beginning of the financial year	1,632,821	2,467,426
Units created	1,028,981	543,843
Units cancelled	(778,729)	(1,378,448)
Units at end of the financial year	1,883,073	1,632,821
Net assets attributable to unitholders - S\$	3,104,548	2,275,444
Net asset value per unit - S\$	1.649	1.394

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7. Units in issue (continued)

Singapore Divident Equity Fund (continued)

	2017	2016
MYR Class		
Units at beginning of the financial year	6,880,394	-
Units created	29,861,763	9,386,577
Units cancelled	(8,887,156)	(2,506,183)
Units at end of the financial year	<u>27,855,001</u>	<u>6,880,394</u>
Net assets attributable to unitholders - S\$	5,770,818	1,206,069
Net asset value per unit - S\$	<u>0.207</u>	<u>0.175</u>

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

	2017 S\$	2016 S\$
SGD Class		
Net assets attributable to unitholders as per financial statements per unit	1.648	1.394
Effect of distribution	0.007	0.006
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>1.655</u>	<u>1.400</u>
JPY Class		
Net assets attributable to unitholders as per financial statements per unit	0.014	0.012
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>0.014</u>	<u>0.012</u>
USD Class		
Net assets attributable to unitholders as per financial statements per unit	1.649	1.394
Effect of distribution	0.007	0.006
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>1.656</u>	<u>1.400</u>
MYR Class		
Net assets attributable to unitholders as per financial statements per unit	0.207	0.175
Effect of distribution	0.001	0.001
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>0.208</u>	<u>0.176</u>

[^] The net asset value for the purpose of processing unit subscription and redemption was established in accordance with the Prospectus on 31 December 2017. This item reflects the movement in net asset value between the last dealing date and the end of reporting period due to accrual of operating expenses. In 2017 and 2016, the effect is less than 0.001.

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7. Units in issue (continued)

Horizon Singapore Fixed Income Enhanced Fund	2017	2016
Units at beginning of the financial year	16,852,521	17,443,737
Units created	1,042,605	1,061,512
Units cancelled	(1,784,634)	(1,652,728)
Units at end of the financial year	16,110,492	16,852,521
Net assets attributable to unitholders - S\$	24,084,717	24,096,998
Net asset value per unit - S\$	1.495	1.430

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

SGD Class	2017	2016
	S\$	S\$
Net assets attributable to unitholders as per financial statements per unit	1.495	1.430
Effect of 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	1.495	1.430

[^] The net asset value for the purpose of processing unit subscription and redemption was established in accordance with the Prospectus on 31 December 2017. This item reflects the movement in net asset value between the last dealing date and the end of reporting date due to accrual of operating expenses. In 2017 and 2016, the effect is less than 0.001.

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8. Distributions

Nikko AM Global Dividend Equity Fund

	2017 US\$	2016 US\$
January interim distribution of (S\$ Hedged (Dist) Class) S\$0.39 per 100 units and (CNH Hedged (Dist) Class) CNH3.85 per 100 units in respect of the financial year ended 31 December 2017	41,376	-
February interim distribution of (S\$ Hedged (Dist) Class) S\$0.40 per 100 units and (CNH Hedged (Dist) Class) CNH3.91 per 100 units in respect of the financial year ended 31 December 2017	40,707	-
March interim distribution of (S\$ Hedged (Dist) Class) S\$0.40 per 100 units and (CNH Hedged (Dist) Class) CNH3.92 per 100 units in respect of the financial year ended 31 December 2017	38,985	-
April interim distribution of (S\$ Hedged (Dist) Class) S\$0.40 per 100 units and (CNH Hedged (Dist) Class) CNH3.93 per 100 units in respect of the financial year ended 31 December 2017	38,162	-
May interim distribution of (S\$ Hedged (Dist) Class) S\$0.42 per 100 units and (CNH Hedged (Dist) Class) CNH4.13 per 100 units in respect of the financial year ended 31 December 2017	38,629	-
June interim distribution of (S\$ Hedged (Dist) Class) S\$0.42 per 100 units and (CNH Hedged (Dist) Class) CNH4.15 per 100 units in respect of the financial year ended 31 December 2017	37,229	-
July interim distribution of (S\$ Hedged (Dist) Class) S\$0.42 per 100 units and (CNH Hedged (Dist) Class) CNH4.20 per 100 units in respect of the financial year ended 31 December 2017	36,709	-
August interim distribution of (S\$ Hedged (Dist) Class) S\$0.42 per 100 units and (CNH Hedged (Dist) Class) CNH4.14 per 100 units in respect of the financial year ended 31 December 2017	36,577	-
September interim distribution of (S\$ Hedged (Dist) Class) S\$0.43 per 100 units and (CNH Hedged (Dist) Class) CNH4.26 per 100 units in respect of the financial year ended 31 December 2017	37,144	-
October interim distribution of (S\$ Hedged (Dist) Class) S\$0.43 per 100 units and (CNH Hedged (Dist) Class) CNH4.32 per 100 units in respect of the financial year ended 31 December 2017	39,196	-
November interim distribution of (S\$ Hedged (Dist) Class) S\$0.42 per 100 units and (CNH Hedged (Dist) Class) CNH4.20 per 100 units in respect of the financial year ended 31 December 2017	39,987	-
December final distribution of (S\$ Hedged (Dist) Class) S\$0.34 per 100 units and (CNH Hedged (Dist) Class) CNH3.39 per 100 units in respect of the financial year ended 31 December 2017	33,896	-

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8. Distribution (continued)

Nikko AM Global Dividend Equity Fund (continued)

	2017 US\$	2016 US\$
January interim distribution of (S\$ Hedged (Dist) Class) S\$0.35 per 100 units and (CNH Hedged (Dist) Class) CNH3.37 per 100 units in respect of the financial year ended 31 December 2016	-	47,367
February interim distribution of (S\$ Hedged (Dist) Class) S\$0.35 per 100 units and (CNH Hedged (Dist) Class) CNH3.38 per 100 units in respect of the financial year ended 31 December 2016	-	47,803
March interim distribution of (S\$ Hedged (Dist) Class) S\$0.37 per 100 units and (CNH Hedged (Dist) Class) CNH3.63 per 100 units in respect of the financial year ended 31 December 2016	-	49,967
April interim distribution of (S\$ Hedged (Dist) Class) S\$0.38 per 100 units and (CNH Hedged (Dist) Class) CNH3.72 per 100 units in respect of the financial year ended 31 December 2016	-	49,105
May interim distribution of (S\$ Hedged (Dist) Class) S\$0.37 per 100 units and (CNH Hedged (Dist) Class) CNH3.61 per 100 units in respect of the financial year ended 31 December 2016	-	46,787
June interim distribution of (S\$ Hedged (Dist) Class) S\$0.37 per 100 units and (CNH Hedged (Dist) Class) CNH3.60 per 100 units in respect of the financial year ended 31 December 2016	-	45,968
July interim distribution of (S\$ Hedged (Dist) Class) S\$0.38 per 100 units and (CNH Hedged (Dist) Class) CNH3.74 per 100 units in respect of the financial year ended 31 December 2016	-	46,125
August interim distribution of (S\$ Hedged (Dist) Class) S\$0.39 per 100 units and (CNH Hedged (Dist) Class) CNH3.84 per 100 units in respect of the financial year ended 31 December 2016	-	44,803
September interim distribution of (S\$ Hedged (Dist) Class) S\$0.38 per 100 units and (CNH Hedged (Dist) Class) CNH3.72 per 100 units in respect of the financial year ended 31 December 2016	-	42,384
October interim distribution of (S\$ Hedged (Dist) Class) S\$0.38 per 100 units and (CNH Hedged (Dist) Class) CNH3.69 per 100 units in respect of the financial year ended 31 December 2016	-	41,149
November interim distribution of (S\$ Hedged (Dist) Class) S\$0.38 per 100 units and (CNH Hedged (Dist) Class) CNH3.72 per 100 units in respect of the financial year ended 31 December 2016	-	39,922
December final distribution of (S\$ Hedged (Dist) Class) S\$0.38 per 100 units and (CNH Hedged (Dist) Class) CNH3.74 per 100 units in respect of the financial year ended 31 December 2016	-	39,393
	458,597	540,773

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8. Distribution (continued)

Singapore Dividend Equity Fund

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

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8. Distribution (continued)

Singapore Dividend Equity Fund (continued)

	2017	2016
	S\$	S\$
December 2015 final distribution of (JPY) of ¥ 4 per 1000 units in respect of the financial year ended 31 December 2015	-	602
January interim distribution of (SGD&USD) of S\$0.55 per 100 units and (JPY) ¥ 4 per 1000 units in respect of the financial year ended 31 December 2016	-	519,584
February interim distribution of (SGD&USD) of S\$0.54 per 100 units and (JPY) ¥ 4 per 1000 units in respect of the financial year ended 31 December 2016	-	515,120
March interim distribution of (SGD&USD) of S\$0.58 per 100 units and (JPY) ¥ 4 per 1000 units in respect of the financial year ended 31 December 2016	-	548,312
April interim distribution of (SGD&USD) of S\$0.59 per 100 units and (JPY) ¥ 4 per 1000 units and MYR0.21 per 100 units in respect of the financial year ended 31 December 2016	-	551,979
May interim distribution of (SGD&USD) of S\$0.57 per 100 units and (JPY) ¥ 4 per 1000 units and MYR0.21 per 100 units in respect of the financial year ended 31 December 2016	-	543,941
June interim distribution of (SGD&USD) of S\$0.57 per 100 units and (JPY) ¥ 4 per 1000 units and MYR0.22 per 100 units in respect of the financial year ended 31 December 2016	-	550,705
July interim distribution of (SGD&USD) of S\$0.60 per 100 units and (JPY) ¥ 4 per 1000 units and MYR0.22 per 100 units in respect of the financial year ended 31 December 2016	-	583,830
August interim distribution of (SGD&USD) of S\$0.60 per 100 units and (JPY) ¥ 4 per 1000 units and MYR0.22 per 100 units in respect of the financial year ended 31 December 2016	-	598,258
September interim distribution of (SGD&USD) of S\$0.59 per 100 units and (JPY) ¥ 4 per 1000 units and MYR0.22 per 100 units in respect of the financial year ended 31 December 2016	-	591,090
October interim distribution of (SGD&USD) of S\$0.59 per 100 units and (JPY) ¥ 4 per 1000 units and MYR0.22 per 100 units in respect of the financial year ended 31 December 2016	-	585,393
November interim distribution of (SGD&USD) of S\$0.58 per 100 units and (JPY) ¥ 4 per 1000 units and MYR0.22 per 100 units in respect of the financial year ended 31 December 2016	-	568,297
December final distribution of (SGD) of S\$0.60 per 100 units, USD0.42 per 100 units and MYR0.23 per 100 units in respect of the financial year ended 31 December 2016	-	580,976
	7,227,970	6,738,087

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

9. Financial risk management

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

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

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

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

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

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

The Sub-Fund has no benchmark and in place of the benchmark, the Manager has assessed that MSCI AC World Net Total Return Index (USD) (the "Index") will provide a suitable analysis of reasonable possible shifts of the fair value of the Sub-Fund's investments.

The Sub-Fund's portfolio performance is measured and reported in United States Dollars . The Manager then considers the United States Dollar as the currency which most faithfully represents the economic substance of the Sub-Fund's underlying transactions, events and condition.

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9. Financial risk management (continued)

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

- (ii) Horizon Global Bond Fund (S\$ Hedged) is a Feeder Fund which invests all or substantially all of its assets in the shares of Russell Global Bond Fund (the "Underlying Fund"), a Sub-Fund within the RIC. The investment objective of the Underlying Fund is to provide income (which shall be reinvested) and capital growth by investing primarily in investment grade bonds denominated in a variety of currencies, including the Euro;
- (iii) Singapore Dividend Equity Fund's primary objective is to achieve capital appreciation by investing in Singapore listed equities which offer attractive and sustainable dividend payments with the potential for long term capital appreciation. The Managers may also invest in non-Straits Times Index component stocks as well as stocks listed outside of Singapore with these characteristics. All the stocks are selected on the basis of a mixture of top-down and bottom-up analysis. With effect from 1 November 2017, the benchmark for the Fund (ie Straits Times Index (STI)) was removed and the Manager has assessed that FTSE Straits Times Net Index (the "Index") will provide a suitable analysis of reasonable possible shifts of the fair value of the Sub-fund's investment; and
- (iv) Horizon Singapore Fixed Income Enhanced Fund's primary objective is to provide income (which shall be reinvested at the present moment) and capital growth by investing primarily in money market and fixed income instruments in Singapore. In addition, the Sub-Fund may also invest in money market and fixed income instruments outside of Singapore.

With effect from 1 June 2017, the benchmark, UOB Singapore Government Bond All index, for the Sub-Fund has been changed to Markit iBoxx ALBI Singapore Government Bond Index (the "Benchmark").

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

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

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

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

NIKKO AM SHENTON HORIZON INVESTMENT FUNDS
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9. Financial risk management (continued)

(a) Market risk - Price risk (continued)

Horizon Singapore Fixed Income Enhanced Fund

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

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

As the Feeder Fund, Horizon Global Bond Fund (S\$ Hedged) invests in the Underlying Fund, a Sub-Fund within the RIC. Singapore Dividend Equity Fund and Nikko AM Global Dividend Equity Fund invest primarily in real estate investment trusts and equity securities. The Manager is of the view that the price risk of the Sub-Funds is best reflected by movements in its respective benchmark Index components (the "Index").

The table below summarises the impact of an increase/decrease of the index within the Benchmark/Index of individual Sub-Funds by 7% (2016: 10%), with all other variables held constant, on the net asset attributable to unitholders as at 31 December 2017 and 31 December 2016. The analysis was based on the assumptions that the index components within the Benchmark/Index increased/decreased by a reasonable possible shift, with all other variables held constant and that the fair value of Sub-Fund's investments moved according to the beta. Changes in market index percentage are revised annually depending on management's current view on market volatility and other relevant factors.

Sub-Fund	Benchmark/Index	Increase/Decrease in net assets attributable to unitholders (%)	
		31 December 2017	31 December 2016
Nikko AM Global Dividend Equity Fund	MSCI AC World Net Total Return Index USD	7	-
	MSCI AC World Gross Total Return Index (USD)	-	10
Horizon Global Bond Fund (S\$ Hedged)	Barclays Global Aggregate Index (SGD Hedged)	6	9
	Singapore Dividend Equity Fund	6	-
	Straits Times Index	-	8

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For the financial year ended 31 December 2017

9. Financial risk management (continued)

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

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

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

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

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

Horizon Singapore Fixed Income Enhanced Fund

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

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

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9. Financial risk management (continued)

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

Horizon Singapore Fixed Income Enhanced Fund (continued)

As at 31 December 2017

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

As at 31 December 2016

	Fixed rate				Non-interest bearing	Total
	Floating rate	← up to 1 year	1-5 years	→ Over 5 years		
	S\$	S\$	S\$	S\$	S\$	S\$
Assets						
Portfolio of investments	3,805,918	502,460	6,640,265	11,762,261	186,384	22,897,288
Receivables	-	-	-	-	9,930	9,930
Cash and bank balances	1,276,739	-	-	-	-	1,276,739
Total assets	5,082,657	502,460	6,640,265	11,762,261	196,314	24,183,957
Liabilities						
Payables	-	-	-	-	86,959	86,959
Total liabilities	-	-	-	-	86,959	86,959

As at 31 December 2017 an increase/decrease of interest rates 1% (2016: 1%), with all other variables remaining constant, would result in a decrease/increase of the net assets attributable to unitholders by approximately 7% (2016: 6%). Changes in interest rate are revised annually depending on management's current view of market volatility and other factors.

(c) Market risk - Currency risk

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

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

NIKKO AM SHENTON HORIZON INVESTMENT FUNDS

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9. Financial risk management (continued)

(c) Market risk - Currency risk (continued)

Nikko AM Global Dividend Equity Fund

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

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 For the financial year ended 31 December 2017

9. Financial risk management (continued)

(c) Market risk - Currency risk (continued)

Nikko AM Global Dividend Equity Fund (continued)

31 December 2016	USD US\$	EUR US\$	SEK US\$	GBP US\$	JPY US\$	AUD US\$	TWD US\$	Others US\$	Total US\$
Assets									
Portfolio of investments	23,955,667	15,758,383	5,988,319	10,886,170	6,466,497	5,053,056	3,188,316	7,145,681	78,442,089
Receivables	17,002	-	-	22,827	49,376	-	-	40,287	129,492
Cash and bank balances	430,503	-	-	3,177	33,743	-	-	469,767	937,190
Total assets	24,403,172	15,758,383	5,988,319	10,912,174	6,549,616	5,053,056	3,188,316	7,655,735	79,508,771
Liabilities									
Payables	361,049	-	-	-	-	-	-	135,223	496,272
Distributions payable	-	-	-	-	-	-	-	39,393	39,393
Total liabilities	361,049	-	-	-	-	-	-	174,616	535,665
Net off-balance sheet derivative financial instruments	(78,668,038)	-	-	-	-	-	-	77,182,255	
Net currency exposure	(54,625,915)	15,758,383	5,988,319	10,912,174	6,549,616	5,053,056	3,188,316	84,663,374	

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

As of 31 December 2017 and 2016, the Sub-Fund does not hold substantial monetary assets/liabilities. Changes in foreign exchange rates on monetary assets/liabilities will not result in a significant change in the net asset value of the Sub-Fund. Hence, no separate sensitivity analysis on foreign currency risk has been presented.

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9. Financial risk management (continued)

(c) Market risk - Currency risk (continued)

Horizon Global Bond Fund (S\$ Hedged)

31 December 2017	SGD S\$	USD S\$	JPY S\$	GBP S\$	EUR S\$	Total S\$
Assets						
Portfolio of investments	-	25,001,997	-	-	-	25,001,997
Sales awaiting settlement	-	3,502	-	-	-	3,502
Cash and bank balances	381,016	708,468	237	-	-	1,089,721
Total assets	381,016	25,713,967	237	-	-	26,095,220
Liabilities						
Payables	74,953	-	-	-	-	74,953
Purchases awaiting settlement	-	223,915	-	-	-	223,915
Total liabilities	74,953	223,915	-	-	-	298,868
Net off-balance sheet derivative financial instruments	23,263,029	(11,262,426)	(4,114,135)	(1,313,655)	(6,401,594)	
Net currency exposure	23,569,092	14,227,626	(4,113,898)	(1,313,655)	(6,401,594)	

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9. Financial risk management (continued)

(c) Market risk - Currency risk (continued)

Horizon Global Bond Fund (S\$ Hedged) (continue)
31 December 2016

	SGD S\$	USD S\$	JPY S\$	GBP S\$	EUR S\$	Total S\$
Assets						
Portfolio of investments	-	25,496,324	-	-	-	25,496,324
Sales awaiting settlement	-	1,943	-	-	-	1,943
Receivables	80	-	-	-	-	80
Cash and bank balances	504,018	421,983	247	-	-	926,248
Total assets	504,098	25,920,250	247	-	-	26,424,595
Liabilities						
Payables	74,129	-	-	-	-	74,129
Purchases awaiting settlement	-	59,360	-	-	-	59,360
Total liabilities	74,129	59,360	-	-	-	133,489
Net off-balance sheet derivative financial instruments	23,692,586	(11,989,255)	(4,435,083)	(1,333,528)	(6,112,281)	
Net currency exposure	24,122,555	13,871,635	(4,434,836)	(1,333,528)	(6,112,281)	

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9. 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.

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

	Increase/Decrease in foreign exchange rate (%)		(Decrease)/Increase in net assets attributable to unitholders (%)	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
EUR	6	9	(1)	(2)
GBP	7	10	-	(1)
JPY	7	12	(1)	(2)
USD	5	8	(2)	(4)

Singapore Dividend Equity Fund

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

NIKKO AM SHENTON HORIZON INVESTMENT FUNDS
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9. Financial risk management (continued)

(c) Market risk - Currency risk (continued)

Singapore Dividend Equity Fund (continued)

31 December 2016	SGD S\$	USD S\$	JPY S\$	HKD S\$	MYR S\$	Total S\$
Assets						
Portfolio of investments	113,595,113	13,369,440	-	5,688,736	-	132,653,289
Sales awaiting settlement	267,117	-	-	-	-	267,117
Receivables	404,562	-	447	-	328,298	733,307
Cash and bank balances	2,332,024	692,794	187,431	-	-	3,212,249
Total assets	116,598,816	14,062,234	187,878	5,688,736	328,298	136,865,962
Liabilities						
Payables	728,336	-	-	-	40,805	769,141
Purchases awaiting settlement	409,288	-	-	-	-	409,288
Distributions payable	565,907	9,956	-	-	5,113	580,976
Total liabilities	1,703,531	9,956	-	-	45,918	1,759,405
Net currency exposure	114,895,285	14,052,278	187,878	5,688,736	282,380	

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

As of 31 December 2017 and 2016, the Sub-Fund does not hold substantial monetary assets/liabilities. Changes in foreign exchange rates on monetary assets/liabilities will not result in a significant change in the net asset value of the Sub-Fund. Hence, no separate sensitivity analysis on foreign currency risk has been presented.

NIKKO AM SHENTON HORIZON INVESTMENT FUNDS
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9. Financial risk management (continued)

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

Horizon Singapore Fixed Income Enhanced Fund

As of 31 December 2017 and 2016, the Sub-Fund holds all its assets and liabilities in Singapore Dollars. Hence, changes in foreign exchange rates will not result in any change in the net asset value of the Sub-Fund and no separate sensitivity analysis on foreign currency risk has been presented.

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

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

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

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

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

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

	Nikko AM Global Dividend Equity Fund		Horizon Global Bond Fund (S\$ Hedged)	
	Less than 3 months		Less than 3 months	
	As at 31 December 2017 US\$	As at 31 December 2016 US\$	As at 31 December 2017 S\$	As at 31 December 2016 S\$
Payables	464,350	496,272	74,953	74,129
Distribution payable	33,896	39,393	-	-
Purchases awaiting settlement	-	-	223,915	59,360
Contractual cash outflows (excluding gross settled derivatives)	498,246	535,665	298,868	133,489

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9. Financial risk management (continued)

(d) Market risk - Liquidity risk (continued)

	Singapore Dividend Equity Fund Less than 3 months		Horizon Singapore Fixed Income Enhanced Fund Less than 3 months	
	As at 31 December 2017 S\$	As at 31 December 2016 S\$	As at 31 December 2017 S\$	As at 31 December 2016 S\$
Payables	1,302,402	769,141	93,425	86,959
Distribution payable	610,025	580,976	-	-
Purchases awaiting settlement	-	409,288	520,637	-
Contractual cash outflows (excluding gross settled derivatives)	1,912,427	1,759,405	614,062	86,959

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

Less than 3 months	Nikko AM Global Dividend Equity Fund	
	31 December 2017 US\$	31 December 2016 US\$
Currency forward		
- Outflow	-	(78,668,038)
- Inflow	-	77,182,255
Net outflow	-	(1,485,783)

Less than 3 months	Horizon Global Bond Fund (S\$ Hedged)	
	31 December 2017 S\$	31 December 2016 S\$
Currency forward		
- Outflow	(6,401,594)	(13,322,783)
- Inflow	6,336,962	12,800,510
Net outflow	(64,632)	(522,273)

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9. Financial risk management (continued)

(e) Credit risk

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

Concentrations of credit risk are minimised primarily by:

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

The Sub-Funds invest in financial assets, which have an investment grade as rated by Standard & Poor's and/or Moody's. The credit ratings are reviewed regularly.

The table below analyses the Sub-Fund's investments by credit ratings:

Horizon Singapore Fixed Income Enhanced Fund

	Fair value as at 31 December 2017		Fair value as at 31 December 2016	
	Floating rate securities S\$	Fixed rate securities S\$	Floating rate securities S\$	Fixed rate securities S\$
AAA*	-	13,284,199	-	10,244,657
AA	-	500,660	-	-
A+	499,777	-	2,793,315	-
A	-	-	-	253,550
A-	782,974	525,465	-	-
BBB+	-	769,776	1,012,603	747,283
Aa2	-	-	-	253,542
A1	-	-	-	249,927
A3	-	-	-	1,749,320
A3 /*+	515,253	-	-	-
Baa1	257,571	1,006,761	-	492,079
Baa3	261,686	-	-	-
Not rated	254,163	4,876,424	-	4,914,628
Accrued interest receivable on quoted fixed income securities	17,932	135,890	45,255	141,129
	2,589,356	21,099,175	3,851,173	19,046,115

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

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9. Financial risk management (continued)

(e) Credit risk (continued)

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

Credit risk arises from cash and bank balances and outstanding and committed transactions with brokers. The table below summarises the credit rating of banks and custodian in which the Sub-Funds' assets are held as at 31 December 2017 and 31 December 2016.

Nikko AM Global Dividend Equity Fund

	Credit Rating as at 31 December 2017	Credit rating as at 31 December 2016	Source of credit rating
Bank balance			
- BNP Paribas Securities Singapore Branch	A	A	Standard & Poor's
Financial derivatives			
- BNP Paribas Securities Singapore Branch	A	A	Standard & Poor's
- Chase Manhattan International Limited	A-	A-	Standard & Poor's
- ING Group Nv	A-	NA	Standard & Poor's
Custodian			
- BNP Paribas Securities Singapore Branch	A	A	Standard & Poor's

Horizon Global Bond Fund (\$\$ Hedged)

	Credit Rating as at 31 December 2017	Credit rating as at 31 December 2016	Source of credit rating
Bank balance			
- BNP Paribas Securities Singapore Branch	A	A	Standard & Poor's
Financial derivatives			
- BNP Paribas Securities Singapore Branch	A	A	Standard & Poor's
- Chase Manhattan International Limited	A-	NA	Standard & Poor's
- Citibank N.A	A+	NA	Standard & Poor's
Custodian			
- BNP Paribas Securities Singapore Branch	A	A	Standard & Poor's

NIKKO AM SHENTON HORIZON INVESTMENT FUNDS
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9. Financial risk management (continued)

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

Singapore Dividend Equity Fund

	Credit Rating as at 31 December 2017	Credit rating as at 31 December 2016	Source of credit rating
Bank balance			
- BNP Paribas Securities Singapore Branch	A	A	Standard & Poor's
Custodian			
- BNP Paribas Securities Singapore Branch	A	A	Standard & Poor's

Horizon Singapore Fixed Income Enhanced Fund

	Credit Rating as at 31 December 2017	Credit rating as at 31 December 2016	Source of credit rating
Bank balance			
- BNP Paribas Securities Singapore Branch	A	A	Standard & Poor's
Custodian			
- BNP Paribas Securities 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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

9. Financial risk management (continued)

(f) **Capital management**

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

(g) **Fair value estimation**

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The quoted market prices used for financial assets held by the Sub-Funds are the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Sub-Funds hold derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

The Sub-Funds classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The following table analyses within the fair value hierarchy the Sub-Funds' financial assets and liabilities (by class) measured at fair value at 31 December 2017 and 2016:

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NOTES TO THE FINANCIAL STATEMENTS
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9. Financial risk management (continued)

(g) Fair value estimation (continued)

Nikko AM Global Dividend Equity Fund

As at 31 December 2017

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

As at 31 December 2016

Assets	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets designated at fair value through profit or loss inception:				
- Quoted equities	76,777,312	-	-	76,777,312
- Quoted derivatives	-	11,680	-	11,680
- Quoted real estate investment trusts	1,653,097	-	-	1,653,097
	78,430,409	11,680	-	78,442,089
Liabilities				
Financial liabilities designated at fair value through profit or loss inception:				
- Financial derivatives at fair value	-	1,485,783	-	1,485,783

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9. Financial risk management (continued)

(g) Fair value estimation (continued)

Horizon Global Bond Fund (S\$ Hedged)

As at 31 December 2017

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

As at 31 December 2016

	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
Assets				
Financial assets designated at fair value through profit or loss inception:				
- Quoted investment fund	25,496,324	-	-	25,496,324
- Financial derivatives at fair value	-	344,712	-	344,712
	<u>25,496,324</u>	<u>344,712</u>	<u>-</u>	<u>25,841,036</u>
Liabilities				
Financial liabilities designated at fair value through profit or loss inception:				
- Financial derivatives at fair value	-	522,273	-	522,273
	<u>-</u>	<u>522,273</u>	<u>-</u>	<u>522,273</u>

NIKKO AM SHENTON HORIZON INVESTMENT FUNDS
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NOTES TO THE FINANCIAL STATEMENTS
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9. Financial risk management (continued)

(g) Fair value estimation (continued)

Singapore Dividend Equity Fund

As at 31 December 2017

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

As at 31 December 2016

Assets	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
Financial assets designated at fair value through profit or loss inception:				
- Quoted equities	111,820,482	-	-	111,820,482
- Quoted investment funds	1,924,985	-	-	1,924,985
- Quoted real estate investment trusts	18,907,822	-	-	18,907,822
	132,653,289	-	-	132,653,289

Horizon Singapore Fixed Income Enhanced Fund

As at 31 December 2017

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

As at 31 December 2016

Assets	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
Financial assets designated at fair value through profit or loss inception:				
- Quoted fixed income securities	-	22,897,288	-	22,897,288

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

9. Financial risk management (continued)

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

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active investment funds. Investments in open-ended investment funds whose net asset value is struck daily, price information is published and readily available and units are subscribed and redeemable on demand at the published price, are classified within level 1. The Sub-Funds do not adjust the quoted price for these instruments.

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

Except for cash and bank balances which are classified as level 1, the Sub-Funds' assets and liabilities not measured at fair value at 31 December 2017 and 2016 have been classified as level 2. The carrying amounts of these assets and liabilities approximate their fair values as at the reporting date.

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

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

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

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

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

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

NIKKO AM SHENTON HORIZON INVESTMENT FUNDS
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NOTES TO THE FINANCIAL STATEMENTS
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10. Related party transactions

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

	Nikko AM Global Dividend Equity Fund		Horizon Global Bond Fund (S\$ Hedged)	
	2017 US\$	2016 US\$	2017 S\$	2016 S\$
Bank balances held with related party of the trustee	1,337,436	937,190	1,089,721	926,248
	Singapore Dividend Equity Fund		Horizon Singapore Fixed Income Enhanced Fund	
	2017 S\$	2016 S\$	2017 S\$	2016 S\$
Bank balances held with related party of the trustee	3,143,691	3,212,249	990,856	1,276,739

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11. Financial ratios

Expense ratio

Nikko AM Global Dividend Equity Fund

S\$ Hedged (Acc) Class		2017	2016
Total operating expenses	US\$	1,209,172	1,166,025
Average daily net asset value	US\$	70,103,367	68,969,720
Total expense ratio¹	%	1.72	1.69

S\$ Hedge (Dist) Class		2017	2016
Total operating expenses	US\$	159,071	184,041
Average daily net asset value	US\$	9,013,095	10,702,564
Total expense ratio¹	%	1.76	1.72

US\$ (Acc) Class		2017	2016
Total operating expenses	US\$	11,577	10,726
Average daily net asset value	US\$	469,658	432,556
Total expense ratio¹	%	2.47	2.48

CNH Hedged (Dist) Class		2017	2016
Total operating expenses	US\$	6,890	7,531
Average daily net asset value	US\$	192,958	240,734
Total expense ratio¹	%	3.57	3.13

Horizon Global Bond Fund (S\$ Hedged)

		2017	2016
Total operating expenses	S\$	222,118	249,131
Average daily net asset value	S\$	26,281,939	29,624,605
Total expense ratio¹ (including underlying fund's expense ratio)	%	1.57	1.55
Weighted average of the underlying fund's unaudited expense ratio	%	0.72	0.71

NIKKO AM SHENTON HORIZON INVESTMENT FUNDS
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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

11. Financial ratios (continued)

Expense ratio (continued)

Singapore Dividend Equity Fund

SGD class		2017	2016
Total operating expenses	S\$	2,079,252	2,047,259
Average daily net asset value	S\$	137,900,100	130,227,514
Total expense ratio¹	%	1.51	1.57

JPY Class		2017	2016
Total operating expenses	S\$	1,514	820
Average daily net asset value	S\$	286,732	150,405
Total expense ratio¹	%	0.53	0.55

USD Class		2017	2016
Total operating expenses	S\$	38,702	39,437
Average daily net asset value	S\$	2,560,751	2,508,630
Total expense ratio¹	%	1.51	1.57

MYR Class		2017	2016
Total operating expenses	S\$	48,497	5,149
Average daily net asset value	S\$	3,204,390	456,629
Total expense ratio¹ (annualised)	%	1.51	1.48

Horizon Singapore Fixed Income Enhanced Fund

		2017	2016
Total operating expenses	S\$	306,234	309,230
Average daily net asset value	S\$	24,181,154	24,376,887
Total expense ratio¹	%	1.27	1.27

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

NIKKO AM SHENTON HORIZON INVESTMENT FUNDS
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NOTES TO THE FINANCIAL STATEMENTS
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11. Financial ratios (continued)

Turnover ratio

Nikko AM Global Dividend Equity Fund

		2017	2016
Lower of total value of purchases or sales	US\$	16,758,885	124,349,715
Average daily net asset value	US\$	79,779,078	80,345,574
Total turnover ratio²	%	21.01	154.77

Horizon Global Bond Fund (S\$ Hedged)

		2017	2016
Lower of total value of purchases or sales	S\$	2,888,828	8,418,560
Average daily net asset value	S\$	26,281,939	29,624,605
Total turnover ratio²	%	10.99	28.42

Singapore Dividend Equity Fund

		2017	2016
Lower of total value of purchases or sales	S\$	64,934,738	51,215,042
Average daily net asset value	S\$	143,951,974	133,238,496
Total turnover ratio²	%	45.11	38.44

Horizon Singapore Fixed Income Enhanced Fund

		2017	2016
Lower of total value of purchases or sales	S\$	43,275,633	33,606,069
Average daily net asset value	S\$	24,181,154	24,376,887
Total turnover ratio²	%	178.96	137.86

² The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, divided by the average daily net asset value.

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REPORT TO UNITHOLDERS
For the financial year ended 31 December 2017

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

1. Distribution of investments

Please refer to the Statements of Portfolio on page 25 to 37.

2. Credit rating of debt securities

Horizon Singapore Fixed Income Enhanced Fund

	Fair value at 31 December 2017 S\$	Percentage of total net assets attributable to unitholders at 31 December 2017 %
AAA	13,284,199	55.15
AA	500,660	2.08
A+	499,777	2.08
A-	1,308,439	5.43
A3 /*+	515,253	2.14
BBB+	769,776	3.20
Baa1	1,264,332	5.25
Baa3	261,686	1.09
Not Rated	5,130,587	21.30
Accrued interest receivable on quoted fixed income securities	153,822	0.64
Total	23,688,531	98.36

NIKKO AM SHENTON HORIZON INVESTMENT FUNDS
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REPORT TO UNITHOLDERS

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3. Top 10 holdings

Nikko AM Global Dividend Equity Fund

10 Largest holdings at 31 December 2017

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

10 Largest holdings at 31 December 2016

	Fair value US\$	Percentage of total net assets attributable to unitholders %
Legal & General Group Public Listed Company	2,692,907	3.48
Bae Systems Public Listed Company	2,634,488	3.40
Siemens AG	2,520,570	3.25
Cedar Fair LP	2,448,267	3.16
Schneider Electric SE	2,428,958	3.13
Microsoft Corporation	2,406,620	3.11
Chevron Corporation	2,383,514	3.08
Reynolds American Incorporated	2,381,028	3.07
Pfizer Incorporated	2,367,741	3.05
Macquarie Group Limited	2,315,035	2.99

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3. Top 10 holding (continued)

Horizon Global Bond Fund (S\$ Hedged)

Largest holdings at 31 December 2017

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

Largest holdings at 31 December 2016

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Russell Investment Company PLC - Russell Global Bond Fund (Class A)	25,496,324	97.64

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REPORT TO UNITHOLDERS

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3. Top 10 holding (continued)

Singapore Dividend Equity Fund

10 Largest holdings at 31 December 2017

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

10 Largest holdings at 31 December 2016

	Fair value S\$	Percentage of total net assets attributable to unitholders %
DBS Group Holdings Limited	15,113,545	11.19
Oversea-Chinese Banking Corporation Limited	12,989,305	9.61
Singapore Telecommunications Limited	11,140,530	8.24
United Overseas Bank Limited	10,703,880	7.92
Hongkong Land Holdings Limited	8,001,846	5.92
Keppel Corporation Limited	5,813,739	4.30
Jardine Matheson Holdings Limited	4,030,901	2.98
Thai Beverage Public Company Limited	3,762,525	2.78
Genting Singapore Public Listed Company	3,359,270	2.49
Singapore Exchange Limited	3,331,548	2.47

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REPORT TO UNITHOLDERS

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3. Top 10 holding (continued)

Horizon Singapore Fixed Income Enhanced Fund

10 Largest holdings at 31 December 2017

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

10 Largest holdings at 31 December 2016

	Fair value S\$	Percentage of total net assets attributable to unitholders %
Singapore Government Bond 3.5% due 01/03/2027	1,792,230	7.44
Singapore Government Bond 2.75% due 01/04/2042	1,411,900	5.86
Singapore Government Bond 1.25% due 01/10/2021	1,313,550	5.45
Housing & Development Board 3.008% due 26/03/2021	1,286,259	5.34
Housing & Development Board 1.91% due 10/08/2023	1,190,926	4.94
Singapore Government Bond 2.875% due 01/09/2030	1,068,900	4.44
Singapore Technologies Telemedia Private Limited 4.05% due 02/12/2025	1,034,993	4.30
DBS Bank Limited 3.3% due 21/02/2022	1,000,777	4.15
CCT MTN Private Limited 2.96% due 13/08/2021	997,597	4.14
Housing & Development Board 2.5% due 29/01/2023	989,361	4.11

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REPORT TO UNITHOLDERS

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4. Exposure to financial derivatives

Nikko AM Global Dividend Equity Fund

	Fair value at 31 December 2017 US\$	Percentage of total net assets attributable to unitholders 31 December 2017 %	Unrealised gains/(losses) US\$	Realised gains/(losses) US\$
Warrants	11,680	0.01	-	-
Forward foreign exchange contracts	<u>751,369</u>	<u>0.91</u>	<u>751,369</u>	<u>2,181,250</u>

Horizon Global Bond Fund (S\$ Hedged)

	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	<u>171,219</u>	<u>0.66</u>	<u>171,219</u>	<u>673,710</u>

5. Global exposure to financial derivatives

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

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

6. Collateral

Nil.

7. Securities lending or repurchase transactions

Nil.

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REPORT TO UNITHOLDERS

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

Nikko AM Global Dividend Equity Fund

Please refer to the Statements of Portfolio on page 25 to 29.

Horizon Global Bond Fund (S\$ Hedged)

Please refer to the Statements of Portfolio on page 30.

Singapore Dividend Equity Fund

Please refer to the Statements of Portfolio on page 31 to 34.

9. Borrowings

Nil.

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

	Nikko AM Global Dividend Equity Fund US\$	Horizon Global Bond Fund (S\$ Hedged) S\$
Units created	3,940,306	2,888,187
Units cancelled	(17,376,536)	(3,679,448)
	Singapore Dividend Equity Fund S\$	Horizon Singapore Fixed Income Enhanced Fund S\$
Units created	45,606,498	1,544,819
Units cancelled	(58,588,151)	(2,627,321)

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REPORT TO UNITHOLDERS

For the financial year ended 31 December 2017

11. Turnover ratio

Please refer to Note 11 of the Notes to the Financial Statements on page 85.

12. Expense ratio

Please refer to Note 11 of the Notes to the Financial Statements on page 83 to 84.

13. Related party transactions

Please refer to Note 10 of the Notes to the Financial Statements on page 82.

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

Nil

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

1. Top 10 Holdings

10 Largest holdings at 31 December 2017

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

10 Largest holdings at 31 December 2016

	Fair value	Percentage of total net assets attributable to unitholders
	S\$	%
FNCL 3.5 13/01/2017	50,744,084	2.05
FNCL 3 12/02/2017	46,175,951	1.87
FNCL 3.5 13/02/2017	30,479,474	1.23
US Treasury Note 3.75% 15/11/2018	27,639,830	1.12
Norwegian Government 3.75% 25/05/2021	20,720,762	0.84
TSY INFL IX 0.625% 15/01/2026	18,784,852	0.76
Treasury Bill 26/01/2017	17,404,771	0.70
FNCL 4 12/02/2017	17,299,108	0.70
US Treasury Note 1.5% 31/12/2018	17,044,681	0.69
New Zealand Government 5% 15/03/2019	16,916,726	0.68

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

REPORT TO UNITHOLDERS
For the financial year ended 31 December 2017

2. Financial Ratios

	Russell Investment Company PLC - Russell Global Bond Fund (Class A)	
	2017	2016
	%	%
Expense Ratio ^{Note}	0.75	0.73
Turnover Ratio	318.00	246.80

Note: The expense ratio has been computed based on the total operating expenses divided by the average net asset value for the period. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The average net asset value is based on the daily balances.

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12 Marina View, #18-02 Asia Square Tower 2, Singapore 018961
Intermediaries Hotline: 1800 535 8025 / 65 6535 8025
Website: www.nikkoam.com.sg

Company registration number 198202562H