



Sumitomo Mitsui DS Asset Management

**Sumitomo Mitsui DS
Investment Fund –**
(formerly known as Daiwa SBI Investment Fund)
Japan High Dividend Stocks Fund

31 March 2020

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Fund manager's report

Market review

During the period from April 2019 to March 2020, the Japanese equity market dropped as a result of share price plunge from early February to mid-March mainly due to COVID-19 outbreak and concerns about negative impact on the economy and the corporate earnings.

TOPIX Index moved in a narrow range during the first several months of the period, but rallied in Oct-Dec as prospects for easing US-China trade friction buoyed hopes of global economic recovery. Entering 2020, however, the Tokyo market fell sharply towards mid-March along with global markets as COVID-19 outbreak became pandemic worldwide. And then, the market rebounded toward March-end to some extent on monetary easing and fiscal stimulus measures announced by governments around the world.

Over the period, the fund mainly invested in the companies with the ability to deliver steady earnings/dividend growth. The sectors with major holdings are Industrials and Communication Services.

Sumitomo Mitsui DS Asset Management (Hong Kong) Limited

Trustee's report
Sumitomo Mitsui DS Investment Fund – Japan High
Dividend Stocks Fund

We hereby confirm that, in our opinion, the Manager of the Sub-Fund has, in all material respects, managed the Sub-Fund in accordance with the provisions of the Trust Deed dated 9 June 2017, as amended, for the year ended 31 March 2020.

)
) For and on behalf of
) Brown Brothers Harriman Trustee
) Services (Hong Kong) Limited,
) Trustee



Independent auditor's report to the unitholders of Sumitomo Mitsui DS Investment Fund – Japan High Dividend Stocks Fund

Report on the audit of financial statements

Opinion

We have audited the financial statements of Sumitomo Mitsui DS Investment Fund – Japan High Dividend Stocks Fund (the “Sub-Fund”), a sub-fund of Sumitomo Mitsui DS Investment Fund set out on pages 7 to 36, which comprise the statement of assets and liabilities as at 31 March 2020, the statement of comprehensive income, the statement of changes in net assets attributable to unitholders, the cash flow statement and the distribution statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31 March 2020 and of its financial transactions and cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”) issued by the International Auditing and Assurance Standards Board (“IAASB”). 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 are independent of the Sub-Fund in accordance with the *Code of Ethics for Professional Accountants* (“the Code”) issued by the International Ethics Standards Board for Accountants (“IESBA”) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

The Manager and the Trustee of the Sub-Fund are responsible for the other information. The other information comprises all the information included in the annual report, other than 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 Sumitomo Mitsui DS Investment Fund – Japan High Dividend Stocks Fund (continued)

Report on the audit of financial statements (continued)

Responsibilities of the Manager and the Trustee of the Sub-Fund for the financial statements

The Manager and the Trustee of the Sub-Fund are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and for such internal control as the Manager and the Trustee of the Sub-Fund determine 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 and the Trustee of the Sub-Fund are responsible for assessing the Sub-Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager and the Trustee of the Sub-Fund either intend to liquidate the Sub-Fund or to cease operations, or have no realistic alternative but to do so.

In addition, the Manager and the Trustee of the Sub-Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant provisions of the Trust Deed, and the relevant disclosure provisions of Appendix E of the Hong Kong Code on Unit Trusts and Mutual Funds ("the SFC Code") issued by the Hong Kong Securities and Futures Commission.

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. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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. In addition, we are required to assess whether the financial statements of the Sub-Fund has been properly prepared, in all material respects, in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.



Independent auditor's report to the unitholders of Sumitomo Mitsui DS Investment Fund – Japan High Dividend Stocks Fund (continued)

Report on the audit of financial statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs, 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-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and the Trustee of the Sub-Fund.
- Conclude on the appropriateness of the Manager's and the Trustee'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-Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager and the Trustee of the Sub-Fund 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.



Independent auditor's report to the unitholders of
Sumitomo Mitsui DS Investment Fund – Japan High
Dividend Stocks Fund (continued)

Report on the audit of financial statements (continued)

**Report on matters under the relevant provisions of the Trust Deed and the
relevant disclosure provisions of Appendix E of the SFC Code**

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

Statement of assets and liabilities as at 31 March 2020

(Expressed in Japanese Yen)

	Note	As at 31 March 2020	As at 31 March 2019
Assets			
Financial assets at fair value			
through profit or loss	7, 8(b)	¥ 1,010,250,450	¥ 1,211,865,438
Amounts due from brokers		2,124	–
Cash and cash equivalents	8(b)	13,743,376	14,067,156
Dividends receivable		20,771,730	16,821,522
Total assets		¥ 1,044,767,680	¥ 1,242,754,116
Liabilities			
Financial liabilities at fair value			
through profit or loss	7, 8(b)	¥ 49,606	¥ –
Distributions payable	13	31,318	334,110
Management fees payable	8(a)	740,148	842,143
Trustee's fees payable	8(b)	94,949	96,290
Custodian fees payable	8(b)	44,247	96,383
Administrator fees payable	8(b)	774,036	658,644
Transfer agent fees payable	8(b)	74,897	90,584
Audit fee payable		2,896,828	2,888,163
Total liabilities (excluding net assets attributable to unitholders)		¥ 4,706,029	¥ 5,006,317
Net assets attributable to unitholders		¥ 1,040,061,651	¥ 1,237,747,799

The notes on pages 13 to 36 form part of these financial statements.

Statement of assets and liabilities as at 31 March 2020 (Continued)

(Expressed in Japanese Yen)

	Note	As at 31 March, 2020	As at 31 March, 2019
Number of units in issue:	9		
Class A (HKD) Accumulation	¥	150,000	¥ 150,000
Class A (USD) Hedged Distribution		28,947	70,161
Class I (JPY) Accumulation		1,200,182	1,200,182
		<u>1,200,182</u>	<u>1,200,182</u>
Net asset value per unit:			
Class A (HKD) Accumulation	¥	102	¥ 119
Class A (USD) Hedged Distribution		791	961
Class I (JPY) Accumulation		834	960
		<u>834</u>	<u>960</u>

Approved by the Trustee and the Manager on

)
) For and on behalf of
) Brown Brother Harriman Trustee
) Services (Hong Kong) Limited
)

)
) For and on behalf of
) Sumitomo Mitsui DS Asset
) Management (Hong Kong) Limited
)

The notes on pages 13 to 36 form part of these financial statements.

Statement of comprehensive income for the year ended 31 March 2020

(Expressed in Japanese Yen)

		Year ended 31 March 2020		Year ended 31 March 2019
Dividend income	5	¥ 45,731,080	¥	40,780,920
Net losses from financial instruments at fair value through profit or loss	6	(184,941,894)		(82,539,595)
Net foreign exchange loss		(44,184)		(3,791)
Total net loss		¥ (139,254,998)	¥	(41,762,466)
Management fees	8(a)	(10,459,367)		(10,777,927)
Trustee's fees	8(b)	(612,361)		(639,021)
Custodian fees	8(b)	(612,361)		(701,547)
Administrator fees	8(b)	(1,159,278)		(2,063,357)
Transfer agent fees	8(b)	(509,766)		(685,458)
Transaction costs		(6,410,241)		(7,178,754)
Audit fee		(2,798,863)		(2,888,163)
Interest expenses		(39,936)		(14,716)
Miscellaneous expenses		–		(24,674)
Total operating expense		¥ (22,602,173)	¥	(24,973,617)
Net loss from operations before taxation		¥ (161,857,171)	¥	(66,736,083)
Taxation	4, 5	(4,573,108)		(4,078,092)
Net loss from operations before distributions		¥ (166,430,279)	¥	(70,814,175)
Distributions to unitholders	13	(3,403,130)		(3,334,053)
Decrease in net assets attributable to unitholders and total comprehensive income for the year		¥ (169,833,409)	¥	(74,148,228)

The notes on pages 13 to 36 form part of these financial statements.

Statement of changes in net assets attributable to unitholders for the year ended 31 March 2020

(Expressed in Japanese Yen)

	Year ended 31 March 2020	Year ended 31 March 2019
Balance at the beginning of the year	¥ 1,237,747,799	¥ 1,259,380,344
Decrease in net assets attributable to unitholders and total comprehensive income for the year	¥ (169,833,409)	¥ (74,148,228)
 Subscriptions of units		
Class A (USD) Hedged Distribution (6,496 units) (2019: 50,181 units)	¥ 5,804,025	¥ 52,673,360
 Redemptions of units		
Class A (USD) Hedged Distribution (47,710 units) (2019: 146 units)	¥ (33,656,764)	¥ (157,677)
	¥ (27,852,739)	¥ 52,515,683
 Balance at the end of the year	 ¥ 1,040,061,651	 ¥ 1,237,747,799

The notes on pages 13 to 36 form part of these financial statements.

Cash flow statement

for the year ended 31 March 2020

(Expressed in Japanese Yen)

	<i>Year ended</i> <i>31 March 2020</i>	<i>Year ended</i> <i>31 March 2019</i>
Operating activities		
Decrease in net assets attributable to unitholders and total comprehensive income for the year	¥ (169,833,409)	¥ (74,148,228)
Adjustments for:		
Net losses from financial instruments at fair value through profit or loss	184,941,894	82,539,595
Dividend income, net of withholding tax	(41,157,972)	(36,702,828)
Changes in working capital:		
(Increase)/decrease in amounts due from brokers	(2,124)	16,818,265
Increase in amounts due to brokers	–	(17,439,140)
(Decrease)/increase in distributions payable	(302,792)	226,920
(Decrease)/increase in management fees payable	(101,995)	17,414
Decrease in trustee’s fees payable	(1,341)	(140,962)
Decrease in custodian fees payable	(52,136)	(141,126)
Increase in administrator fees payable	115,392	44,156
Decrease in transfer agent fees payable	(15,687)	(2,733)
Increase in audit fees payable	8,665	2,888,163
Net cash used in operations	¥ (26,401,505)	¥ (26,040,504)
Investing activities		
Dividend received	¥ 37,207,764	¥ 34,235,356
Payment for purchase of investment	(1,011,672,972)	(694,995,078)
Proceeds from sales of investment	1,028,395,672	633,050,143
Net cash generated from/(used in) investing activities	¥ 53,930,464	¥ (27,709,579)
Financing activities		
Proceeds from subscription of units	¥ 5,804,025	¥ 52,673,360
Payments for redemption of units	(33,656,764)	(157,677)
Net cash (used in)/ generated from financing activities	¥ (27,852,739)	¥ 52,515,683

Cash flow statement
for the year ended 31 March 2020 (Continued)
(Expressed in Japanese Yen)

	Year ended 31 March 2020	Year ended 31 March 2019
Decrease in cash and cash equivalents	¥ (323,780)	¥ (1,234,400)
Cash and cash equivalents at the beginning of the year	¥ 14,067,156	¥ 15,301,556
Cash and cash equivalents at the end of year	¥ 13,743,376	¥ 14,067,156

The notes on pages 13 to 36 form part of these financial statements.

Notes to the financial statements

(Expressed in Japanese Yen)

1 The Fund

Sumitomo Mitsui DS Investment Fund – Japan High Dividend Stocks Fund (the “Sub-Fund”) presented in the financial statements represent the sub-fund within Sumitomo Mitsui DS Investment Fund (the “Fund”) which is an open-ended umbrella unit trust established under the laws of Hong Kong by its Trust Deed dated 9 June 2017 and supplemental trust deed dated 20 September 2017 (the “Trust Deed, as amended”) between Sumitomo Mitsui DS Asset Management (Hong Kong) Limited (the “Manager”) and Brown Brothers Harriman Trustee Services (Hong Kong) Limited (the “Trustee”). The Sub-Fund was launched on 12 October 2017.

On 11 October 2019, the Fund changed its name from Daiwa SBI Investment Fund to Sumitomo Mitsui DS Investment Fund.

The investment objective of the Sub-Fund is to provide investors with mid to long-term capital growth through investing primarily in equities or equities-related securities issued by Japanese companies.

The Sub-Fund is authorised by the Securities and Futures Commission in Hong Kong (the “SFC”) under Section 104 of the Hong Kong Securities and Futures Ordinance and are governed by the Hong Kong Code on Unit Trusts and Mutual Funds (the “SFC Code”) issued by the SFC. Authorisation by the SFC does not imply official approval or recommendation.

The Trust Deed does not contain any requirement that a combined set of financial statements for the Trust itself be prepared.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (“IASB”), and the relevant disclosure provisions of the Trust Deed and the relevant disclosure requirements of the SFC Code. A summary of the significant accounting policies adopted by the Sub-Fund is set out on note 3.

The IASB has issued certain new and revised IFRSs that are available for early adoption for the current accounting period of the Sub-Fund. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Sub-Fund for the current and prior accounting periods reflected in these financial statements.

2 Basis of preparation (continued)

(b) Basis of measurement

The financial statements are prepared on historical cost basis except for financial assets at fair value through profit or loss which are measured at fair value.

(c) Changes in accounting policies

The IASB has issued a new IFRS, IFRS 16, Leases, and a number of amendments to IFRSs that are first effective for the current accounting period of the Sub-Fund.

None of the developments have had a material effect on how the Sub-Fund's results and financial position for the current or prior periods have been prepared or presented. The Sub-Fund has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Functional and presentation currency

These financial statements are presented in Japanese Yen ("JPY"), which is the Sub-Fund's functional currency. All values are rounded to the nearest JPY except when otherwise indicated.

(e) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3 Significant accounting policies

(a) Foreign currency translation

Transactions in foreign currencies are translated into the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Japanese Yen at the foreign currency exchange rate ruling at the date of statement of assets and liabilities. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the statement of comprehensive income. Foreign currency exchange differences relating to investments at fair value through profit or loss are included in gains and losses on investments.

3 Significant accounting policies (continued)

(b) Financial assets and financial liabilities

(i) Classification of financial assets

On initial recognition, the Sub-Fund classifies financial assets as measured at amortised cost or fair value through profit or loss (“FVTPL”).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”).

All other financial assets of the Sub-Fund are measured at FVTPL.

Business model assessment

In making an assessment of the objective of the business model in which a financial asset is held, the Sub-Fund considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Sub-Fund's manager;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The Sub-Fund has determined that it has two business models.

- Held-to-collect business model: this includes amounts due from brokers, dividends receivable and cash and cash equivalents. These financial assets are held to collect contractual cash flow.
- Other business model: this includes equity instruments and forward contracts. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

3 Significant accounting policies (continued)

(b) Financial assets and financial liabilities (continued)

(i) Classification of financial assets (continued)

Assessment whether contractual cash flows are SPPI

For the purposes of this assessment, “principal” is defined as the fair value of the financial asset on initial recognition. “Interest” is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Sub-Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Sub-Fund considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Sub-Fund’s claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration for of the time value of money (e.g. periodical reset of interest rates).

The Sub-Fund classifies their investments based on the business model and contractual cash flows assessment. Accordingly, the Sub-Fund classifies all their equity instruments and forward contracts into financial assets at FVTPL category. Financial assets measured at amortised cost include amounts due from brokers, dividends receivable and cash and cash equivalents.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition unless the Sub-Fund was to change their business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

(ii) Classification of financial liabilities

Financial liabilities are classified as measured at amortised cost, using effective interest method.

3 Significant accounting policies (continued)

(b) Financial assets and financial liabilities (continued)

(iii) Recognition

The Sub-Fund recognises financial assets at fair value through profit or loss on the trade date, which is the date that the Sub-Fund becomes a party to the contractual provisions of the instruments. Other financial assets and liabilities are recognised on the date they are originated.

Financial assets and financial liabilities at fair value through profit or loss are recognised initially at fair value, which transaction costs recognised in profit or loss. Financial assets or financial liabilities not at fair value through profit or loss are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition or issue.

(iv) Measurement

Financial instruments are measured initially at fair value (transaction price). Transaction costs on financial assets and liabilities at fair value through profit or loss are expensed immediately.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair values recognised in profit or loss.

Financial assets classified as loans and receivables are carried at amortised cost using the effective interest method, less impairment losses, if any.

Financial liabilities are measured at amortised cost using the effective interest method.

(v) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Sub-Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Sub-Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Sub-Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Sub-Fund recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

3 Significant accounting policies (continued)

(b) Financial assets and financial liabilities (continued)

(v) Fair value measurement principles (continued)

Net gains or losses on investments are included in profit or loss. Realised gains or losses on investments and unrealised gains or losses on investments arising from a change in fair value are provided in Note 6. Net gains or losses from financial instruments at fair value through profit or loss is calculated using the average cost method.

(vi) Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

(vii) Impairment

The Sub-Fund recognises loss allowances for expected credit losses (“ECLs”) on financial assets measured at amortised cost.

The Sub-Fund measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Sub-Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Sub-Fund’s historical experience and informed credit assessment and including forward-looking information.

The Sub-Fund assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Sub-Fund considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Sub-Fund in full, without recourse by the Sub-Fund to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

3 Significant accounting policies (continued)

(b) Financial assets and financial liabilities (continued)

(vii) Impairment (continued)

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Sub-Fund is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Sub-Fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of assets and liabilities

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Sub-Fund has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

3 Significant accounting policies (continued)

(b) Financial assets and financial liabilities (continued)

(viii) Derecognition

A financial asset is derecognised when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset together with substantially all the risks and rewards of ownership, have been transferred.

Assets held for trading that are sold are derecognised and corresponding receivables from brokers are recognised as of the date the Sub-Fund commits to sell the assets.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

On derecognition of a financial asset, the difference between the carrying value of the asset and the consideration received is recognised in profit or loss.

(ix) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when the Sub-Fund has a legally enforceable right to offset the recognised amounts and the transactions are intended to be settled on a net basis or simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, e.g. for gains and losses arising from group of similar transactions, such as gains and losses from financial instruments at fair value through profit or loss.

(x) Specific instruments

Forward foreign exchange contracts

Outstanding forward foreign exchange contracts are valued at the period end date by reference to the forward rate of exchange applicable to the outstanding term of the contracts. Unrealised gains and losses on outstanding contracts and realised gains and losses on closed contracts are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprises deposits with banks and highly liquid financial assets with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Sub-Fund for the purpose of meeting short-term commitments, other than cash collateral provided in respect of derivatives, securities sold short and securities borrowing transactions.

Subscriptions and redemptions

The Sub-Fund recognises unitholders' subscriptions and allots units upon receipt of a valid subscription application and derecognises them upon receipt of a valid redemption application.

3 Significant accounting policies (continued)

(b) Financial assets and financial liabilities (continued)

(x) Specific instruments (continued)

Redeemable units

The Sub-Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Sub-Fund has two classes of redeemable units in issue – “Class A” for any type of investors irrespective of their location and “Class I” for institutional investors irrespective of their location. The redeemable units do not have identical terms. The redeemable units provide unitholders with the right to require redemption for cash at a value equal to a proportionate share of the Sub-Fund’s net asset value attributable to the share class at each redeemable date, and also in the event of the Sub-Fund’s liquidation. The redeemable units of the Sub-Fund are classified as financial liabilities and measured at the present value of the redemption amounts.

(c) Distributions to holders of redeemable units

Class A and Class I have units that accumulate income (“Accumulation Classes”) or pay regular distributions out of net distributable income or capital or gross income of the Sub-Fund (“Distribution Classes”).

No distribution is intended to be made in respect of Accumulation Classes. Therefore, any net income and net realised capital gains attributable to units of the Accumulation Classes will be reflected in their respective net asset value.

For Distribution Classes, the Manager will declare and pay distributions in such amount, on such date and at such frequency as the Manager may determine. The Manager will also have the discretion to determine if and to what extent distributions will be paid out of capital attributable to the relevant Distribution Class.

Distributions to holders of redeemable units classified as financial liabilities are recognised in profit or loss as finance costs when they are authorised and no longer at the discretion of the Sub-Fund.

(d) Interest income

Interest income is recognised in statement of comprehensive income as it accrues, using the effective interest rate method.

(e) Dividend income

Dividend income is recognised in the statement of comprehensive income on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which shareholders approve the payment of a dividend.

3 Significant accounting policies (continued)

(f) Fees and other expenses

All fees and expenses, including management fees, Trustee's fees and custodian fees, are recognised in the statement of comprehensive income on an accrual basis.

(g) Foreign exchange gains and losses

Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognised together with other changes in the fair value. Net foreign exchange loss in statement of comprehensive income are net foreign exchange gains and losses on monetary financial assets and financial liabilities other than those classified as fair value through profit or loss.

(h) Amounts due from brokers

Amounts due from brokers include receivables for securities sold (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date.

(i) Amounts due to brokers

Amounts due to brokers include payables for securities purchased (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date.

(j) Related parties

- (i) A person, or a close member of that person's family, is related to the Sub-Fund if that person:
 - (1) has control or joint control over the Sub-Fund;
 - (2) has significant influence over the Sub-Fund; or
 - (3) is a member of the key management personnel of the Sub-Fund.
- (ii) An entity is related to the Sub-Fund if any of the following conditions applies:
 - (1) The entity and the Sub-Fund are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (3) Both entities are joint ventures of the same third party;
 - (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (5) The entity is a post-employment benefit plan for the benefit of employees of an entity related to the Sub-Fund;
 - (6) The entity is controlled or jointly controlled by a person identified in (i); or

3 Significant accounting policies (continued)

(j) Related parties (continued)

- (7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (8) The entity, or any member of a group of which is a part, provides key management personnel services to the Sub-Fund.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(k) Segment reporting

An operating segment is a component of the Sub-Fund that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the Sub-Fund's other components, whose operating results are reviewed regularly by the chief operating decision maker to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The chief operating decision maker of the Sub-Fund is identified as the Manager, Sumitomo Mitsui DS Asset Management (Hong Kong) Limited.

4 Taxation

No provision for Hong Kong Profit Tax has been made in the financial statements as the Sub-Fund is exempted from taxation under section 26A (1A) of the Hong Kong Inland Revenue Ordinance.

Dividend income received by the Sub-Fund is subject to non-recoverable withholding tax imposed in the country of origin. Dividend income is recorded gross of such taxes and the withholding tax is recognised in profit or loss as incurred.

Taxation in statement of comprehensive income represents:

	<i>Year ended 31 March 2020</i>	<i>Year ended 31 March 2019</i>
Withholding tax	¥ 4,573,108	¥ 4,078,092

5 Dividend income

	<i>Year ended</i> 31 March 2020	<i>Year ended</i> 31 March 2019
Dividend income	¥ 45,731,080	¥ 40,780,920
Withholding taxes	<u>(4,573,108)</u>	<u>(4,078,092)</u>
Net dividend income	<u>¥ 41,157,972</u>	<u>¥ 36,702,828</u>

6 Net losses from financial instruments at fair value through profit or loss

	<i>Year ended</i> 31 March 2020	<i>Year ended</i> 31 March 2019
Net realised loss on investments	¥ 124,631,665	¥ 32,621,514
Net movement in unrealised losses on revaluation of investments	<u>60,310,229</u>	<u>49,918,081</u>
	<u>¥ 184,941,894</u>	<u>¥ 82,539,595</u>

7 Financial assets/ (liabilities) at fair value through profit or loss

	<i>As at</i> 31 March 2020	<i>As at</i> 31 March 2019
Equity securities		
- Listed shares- Japan	¥ 1,010,250,450	¥ 1,211,770,015
Derivative financial instruments		
- Forward foreign exchange contracts	<u>(49,606)</u>	<u>95,423</u>
	<u>¥ 1,010,200,844</u>	<u>¥ 1,211,865,438</u>
	<i>As at</i> 31 March 2020	<i>As at</i> 31 March 2019
Investments, at cost	¥ 1,137,551,898	¥ 1,278,906,263
Unrealised loss	<u>(127,351,054)</u>	<u>(67,040,825)</u>
Investments, at fair value	<u>¥ 1,010,200,844</u>	<u>¥ 1,211,865,438</u>

During the year ended 31 March 2020, the Sub-Fund does not hold any investments listed in Hong Kong (2019: Nil).

8 Related party transactions and other key contracts

The following is a summary of transactions with related parties for the year. All such transactions were entered into in the ordinary course of business and on normal commercial terms.

(a) *Related party transactions*

Management fees

The Sub-Fund is managed by Sumitomo Mitsui DS Asset Management (Hong Kong) Limited (“the Manager”). The Manager receives a management fee, payable monthly in arrears, equivalent to 1.6%, and 0.8% per annum of net asset value of Class A and Class I units, respectively.

	<i>Year ended 31 March 2020</i>	<i>Year ended 31 March 2019</i>
Management fees	¥ <u>10,459,367</u>	¥ <u>10,777,927</u>
	<i>As at 31 March 2020</i>	<i>As at 31 March 2019</i>
Management fees payable	¥ <u>740,148</u>	¥ <u>842,143</u>

Investment transactions with the Manager

During the year ended 31 March 2020, the Sub-Fund did not have any investment transactions with the Manager (2019: Nil).

On 30 May 2019 the Manager agreed to reimburse, for all classes of units of the Sub-Fund, administrator fees of US\$3,000 per annum per class of units currently levied on the Sub-Fund. Unless otherwise instructed by the Sub-Fund's Manager in writing, an amount equivalent to the reimbursement of the aforementioned fund administrator fees shall be deducted from the monthly management fees payable to the Sub-Fund's Manager, effective from 1 June 2019.

8 Related party transactions and other key contracts (continued)

(b) Other key contracts

Trustee's fees

The Trustee of the Sub-Fund is Brown Brothers Harriman Trustee Services (Hong Kong) Limited ("the Trustee"), which receives a fee up to 0.05% per annum of net asset value.

	<i>Year ended</i> <i>31 March 2020</i>	<i>Year ended</i> <i>31 March 2019</i>
Trustee's fees	¥ <u>612,361</u>	¥ <u>639,021</u>
	<i>As at</i> <i>31 March 2020</i>	<i>As at</i> <i>31 March 2019</i>
Trustee's fees payable	¥ <u>94,949</u>	¥ <u>96,290</u>

Custodian fees

The Custodian of the Sub-Fund is Brown Brothers Harriman & Co. ("the Custodian"). The Custodian receives custody fee up to 0.05% per annum of the net asset value.

	<i>Year ended</i> <i>31 March 2020</i>	<i>Year ended</i> <i>31 March 2019</i>
Custodian fees	¥ <u>612,361</u>	¥ <u>701,547</u>
	<i>As at</i> <i>31 March 2020</i>	<i>As at</i> <i>31 March 2019</i>
Cash and cash equivalents held under the Custodian	¥ 13,743,376	¥ 14,067,156
Securities balance held under the Custodian	1,010,200,844	1,211,865,438
Custodian fees payable	<u>44,247</u>	<u>96,383</u>

8 Related party transactions and other key contracts (continued)

(b) Other key contracts (continued)

Administrator fees

The Administrator of the Sub-Fund is Brown Brothers Harriman & Co. (the “Administrator”), which receives a fee of 0.08% per annum of net asset value plus US\$3,000 per annum per class which was reimbursed by the Manager with effect from 1 June 2019 (see note 8(a)).

	<i>Year ended</i> <i>31 March 2020</i>	<i>Year ended</i> <i>31 March 2019</i>
Administrator fees	¥ <u>1,159,278</u>	¥ <u>2,063,357</u>
	<i>As at</i> <i>31 March 2020</i>	<i>As at</i> <i>31 March 2019</i>
Administrator fees payable	¥ <u>774,036</u>	¥ <u>658,644</u>

Transfer agent fees

The Transfer agent of the Sub-Fund is Brown Brothers Harriman & Co. (the “Transfer Agent”). The Transfer Agent receives transfer agent fees of US\$2,500 per annum.

	<i>Year ended</i> <i>31 March 2020</i>	<i>Year ended</i> <i>31 March 2019</i>
Transfer agent fees	¥ <u>509,766</u>	¥ <u>685,458</u>
	<i>As at</i> <i>31 March 2020</i>	<i>As at</i> <i>31 March 2019</i>
Transfer agent fees payable	¥ <u>74,897</u>	¥ <u>90,584</u>

8 Related party transactions and other key contracts (continued)

(b) Other key contracts (continued)

Transaction costs

The Custodian receives \$30 per transaction fee for all transactions, an additional \$15 for trade cancel and an additional \$25 per transaction fee for manual transactions and repaired/enriched trade.

	<i>Year ended</i> <i>31 March 2020</i>	<i>Year ended</i> <i>31 March 2019</i>
Transaction costs	¥ <u>6,410,241</u>	¥ <u>7,178,754</u>

Investment transactions with other key contracts

The Sub-Fund is permitted to enter into forward foreign currency contracts with Brown Brothers Harriman & Co., a related party to the Trustee. The realised gain/(loss) and unrealised gain/(loss) on forward foreign currency contracts with Brown Brothers Harriman & Co. are as follows:

	<i>Year ended</i> <i>31 March 2020</i>	<i>Year ended</i> <i>31 March 2019</i>
Forward Foreign Currency Contracts		
Net realised (loss)/ gain	¥ <u>(423,102)</u>	¥ <u>2,237,690</u>
	<i>Year ended</i> <i>31 March 2020</i>	<i>Year ended</i> <i>31 March 2019</i>
Unrealised (loss)/ gain	¥ <u>(49,606)</u>	¥ <u>95,423</u>

9 Units issued

	<i>Year ended 31 March 2020</i>	<i>Year ended 31 March 2019</i>
Class A (HKD) Accumulation		
Number of units in issue brought forward	150,000	150,000
Units issued during the year	—	—
	<hr/>	<hr/>
Number of units in issue carried forward	<u>150,000</u>	<u>150,000</u>
	<i>Year ended 31 March 2020</i>	<i>Year ended 31 March 2019</i>
Class A (USD) Hedged Distribution		
Number of units in issue brought forward	70,161	20,126
Units issued during the year	6,496	50,181
Units redeemed during the year	(47,710)	(146)
	<hr/>	<hr/>
Number of units in issue carried forward	<u>28,947</u>	<u>70,161</u>
	<i>Year ended 31 March 2020</i>	<i>Year ended 31 March 2019</i>
Class I (JPY) Accumulation		
Number of units in issue brought forward	1,200,182	1,200,182
Units issued during the year	—	—
	<hr/>	<hr/>
Number of units in issue carried forward	<u>1,200,182</u>	<u>1,200,182</u>

9 Units issued (continued)

The net asset value per unit for each class of the Sub-Fund in their respective denominated currencies and reporting currency, Japanese Yen, as at year end are as follows:

	<i>As at 31 March 2020</i>	<i>As at 31 March 2019</i>
Net asset value per unit, in denominated currencies		
- Class A (HKD) Accumulation	7.33	8.43
- Class A (USD) Hedged Distribution	7.31	8.68
- Class I (JPY) Accumulation	834	960
	<i>As at 31 March 2020</i>	<i>As at 31 March 2019</i>
Net asset value per unit, in reporting currency		
- Class A (HKD) Accumulation	¥ 102	¥ 119
- Class A (USD) Hedged Distribution	791	961
- Class I (JPY) Accumulation	834	960

The Trust and the Sub-Fund do not have any externally imposed capital requirements.

10 Soft dollar arrangements

As regards to the Sub-Fund, the Manager has not entered into any Soft dollar arrangements during the year (2019: nil).

11 Financial instruments and associated risks

The Sub-Fund maintains an investment portfolio of listed financial instruments as dictated by its investment management strategy. The Sub-Fund aims to provide medium to long-term stable capital appreciation by investing in a diversified portfolio of equities that are listed primarily on the Japan Stock Exchange.

The Sub-Fund's investing activities expose it to various types of risks that are associated with the financial instruments and markets in which it invests. The Manager and the Trustee have set out below the most important types of financial risks inherent in each type of financial instruments. The Manager and the Trustee would like to highlight that the following list of associated risks only sets out some of the risks but does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Sub-Fund. Investors should note that additional information in respect of risks associated with financial instruments in the Sub-Fund can be found in the Sub-Fund's offering document.

The nature and extent of the financial instruments outstanding at the date of statement of assets and liabilities and the risk management policies employed by the Sub-Fund are discussed below.

11 Financial instruments and associated risks (continued)

(a) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The impact on a 10% increase in value of the investments at 31 March 2020 and 31 March 2019, respectively, with all other variables held constant, is shown below. An equal change in the opposite direction would have reduced the net asset value by an equal but opposite amount.

	<i>Market exposures</i>	<i>Change in net assets if investment value increased by 10%</i>
As at 31 March 2020		
Equity securities	¥ 1,010,250,450	¥ 101,025,045
As at 31 March 2019		
Equity securities	¥ 1,211,770,015	¥ 121,177,001

(b) Interest rate risk

As at 31 March 2020, the Sub-Fund does not hold any interest-bearing assets except cash and cash equivalents and therefore the Sub-Fund is not subject to significant interest rate risk.

(c) Foreign currency risk

As all the financial instruments as at 31 March 2020 are denominated in Japanese Yen except for the distribution payable and each Class of Units denominated in other currencies within the Sub-Fund. The Sub-Fund ensures that net exposure to foreign currencies is kept to an acceptable level by buying or selling foreign currencies at spot or forward rates from time to time.

11 Financial instruments and associated risks (continued)

(d) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Sub-Fund. The Sub-Fund's exposure to credit risk is monitored by the Manager on an ongoing basis.

At 31 March 2020, part of the Sub-Fund's financial assets are exposed to credit risk. These include investments in financial assets and cash and cash equivalents placed with the Custodian.

The cash held by the Sub-Fund is deposited with the Custodian. Substantially all of the assets of the Sub-Fund are held by the Custodian, Brown Brothers Harriman & Co., who had a credit rating of A+ at year end (2019: A+) as rated by Fitch. Bankruptcy or insolvency of the Custodian may cause the Sub-Fund's rights with respect to securities and cash held by the Custodian to be delayed or limited. The Custodian is for which credit risk is considered insignificant.

The carrying amounts of financial asset best represent the maximum credit risk exposure at the date of statement of assets and liabilities.

At 31 March 2020, there are no significant concentration of credit risk to counterparties except to the Custodian.

(e) Liquidity risk

Liquidity risk arises from the risk that the Manager may not be able to convert investments into cash to meet the Sub-Fund's liquidity needs in a timely manner. The Sub-Fund is exposed to daily liquidity risk on redemption of units.

The Sub-Fund's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities to meet its liquidity requirements in the short and longer term.

As at 31 March 2020 and 31 March 2019, the Sub-Fund's financial liabilities are due within three months.

11 Financial instruments and associated risks (continued)

(f) Capital management

The Sub-Fund's capital as at the period end date is represented by its redeemable units which are classified as financial liabilities.

The Sub-Fund's objective in capital management is to ensure a stable and strong base to provide long term capital growth and income, and to manage liquidity risk arising from the redemptions. The Manager manages the capital of the Sub-Fund in accordance with the investment objectives and policies stated in the Sub-Fund's Explanatory Memorandum.

There were no changes in the policies and procedures during the year with respect to the Sub-Fund's approach to its capital management.

The amount and the movement of net assets are stated in the statement of changes in net assets attributable to unitholders. As the redeemable units are redeemed on demand at the unitholders' option, the actual level of redemption may differ significantly from historic experience.

12 Fair value information

The Sub-Fund's financial instruments are measured at fair value on the date of the statement of assets and liabilities. Fair value estimates are made at a specified point in time, based on market conditions and information about the financial instruments. Usually, fair values can be reliably determined within a reasonable range of estimates.

Valuation of financial instruments

The Sub-Fund's accounting policy on fair value measurements is detailed in accounting policy in note 3(b)(v).

The Sub-Fund measures fair values using the three levels of fair value hierarchy defined in IFRS 13, *Fair value measurement*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and whose unobservable inputs have a significant effect on the instrument's valuation.

Fair values of equity securities that are traded in active market are based on quoted prices. Valuation techniques include net present value, discounted cash flow models, comparison to similar instruments for which market observable prices exist, comparison to quoted prices for identical instruments that are considered less than active and other valuation models.

12 Fair value information (continued)

Financial instruments measured at fair value

The following analyses financial instruments at fair value at the date of the statement of assets and liabilities, by the level in the fair value hierarchy into which the fair value measurement is categorised.

<i>Financial assets/ (liabilities) at fair value through profit or loss</i>	<i>31 March 2020</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Equity securities				
Listed shares	¥ 1,010,250,450	– ¥	– ¥	¥ 1,010,250,450
Financial derivative instruments				
Forward Foreign Currency Contracts	¥	– ¥ (49,606)	¥	– ¥ (49,606)
	¥ 1,010,250,450	(49,606) ¥	– ¥	¥ 1,010,200,844

<i>Financial assets/ (liabilities) at fair value through profit or loss</i>	<i>31 March 2019</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Equity securities				
Listed shares	¥ 1,211,770,015	– ¥	– ¥	¥ 1,211,770,015
Financial derivative instruments				
Forward Foreign Currency Contracts	¥	– ¥ 95,423	¥	– ¥ 95,423
	¥ 1,211,770,015	95,423 ¥	– ¥	¥ 1,211,865,438

Financial instruments not measured at fair value

The financial instruments not measured at fair value through profit or loss are short-term financial assets and financial liabilities whose carrying amounts approximate fair value.

There were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy during the year ended 31 March 2020.

13 Distributions

Year ended
31 March 2020

Class A (USD) Distribution

Distributions attributable to the year

Distributions declared during the year

- USD 0.01 per unit on 28,947 units on 31 March 2020	¥	31,318
- USD 0.04 per unit on 73,359 units on 09 March 2020		279,596
- USD 0.04 per unit on 73,229 units on 31 January 2020		287,522
- USD 0.04 per unit on 73,213 units on 14 January 2020		322,328
- USD 0.04 per unit on 72,958 units on 29 November 2019		287,533
- USD 0.04 per unit on 72,826 units on 31 October 2019		292,872
- USD 0.04 per unit on 72,690 units on 30 September 2019		282,081
- USD 0.04 per unit on 72,546 units on 30 August 2019		285,437
- USD 0.04 per unit on 72,378 units on 31 July 2019		330,023
- USD 0.04 per unit on 74,479 units on 29 June 2019		336,930
- USD 0.04 per unit on 70,422 units on 31 May 2019		329,903
- USD 0.04 per unit on 70,292 units on 26 April 2019		337,587
	¥	<u>3,403,130</u>

Year ended
31 March 2019

Class A (USD) Distribution

Distributions attributable to the year

Distributions declared during the year

- USD 0.04 per unit on 70,161 units on 29 March 2019	¥	334,110
- USD 0.05 per unit on 67,753 units on 28 February 2019		375,384
- USD 0.05 per unit on 67,172 units on 1 January 2019		365,178
- USD 0.05 per unit on 67,063 units on 28 December 2018		370,977
- USD 0.05 per unit on 66,918 units on 30 November 2018		379,408
- USD 0.05 per unit on 63,737 units on 31 October 2018		360,654
- USD 0.05 per unit on 63,615 units on 28 September 2018		360,951
- USD 0.05 per unit on 59,201 units on 31 August 2018		328,493
- USD 0.05 per unit on 21,013 units on 31 July 2018		116,892
- USD 0.05 per unit on 20,907 units on 29 June 2018		115,719
- USD 0.05 per unit on 20,806 units on 31 May 2018		113,168
- USD 0.05 per unit on 20,707 units on 27 April 2018		113,119
	¥	<u>3,334,053</u>

13 Distributions (continued)

	<i>Year ended 31 March 2020</i>	<i>Year ended 31 March 2019</i>
Amount available for distribution at the beginning of the year	¥ 1,237,747,799	¥ 1,259,380,344
Net (paid)/received on subscription and redemption of units	(27,852,739)	52,515,683
Loss before distributions after taxation	(166,430,279)	(70,814,175)
Distributions to unitholders	(3,403,130)	(3,334,053)
Amount available for distribution at the end of the year	¥ 1,040,061,651	¥ 1,237,747,799

14 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2020

Up to the date of issue of these financial statements, the IASB has issued a few amendments and new standards which are not yet effective for the year ended 31 March 2020 and which have not been adopted in these financial statements. These include the following which may be relevant to the Sub-Fund:

*Effective for
accounting periods
beginning on or after*

Amendments to IAS 1 and IAS 8, Definition of material 1 January 2020

The Sub-Fund is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. None of them is expected to have a material impact on the Sub-Fund's financial statements in the period of initial application.

Portfolio statement as at 31 March 2020 (Unaudited)

(Expressed in Japanese Yen)

	Holdings	Market value	% of net asset value
Equities			
Listed shares			
Japan			
Aica Kogyo Co., Ltd.	6,200	¥ 19,189,000	1.8%
Asahi Holdings, Inc.	7,100	16,067,300	1.5%
Astellas Pharma, Inc.	17,000	28,407,000	2.7%
Brother Industries Ltd.	8,600	14,224,400	1.4%
COMSYS Holdings Corp.	8,300	23,098,900	2.2%
Dai Nippon Printing Co., Ltd.	13,300	30,603,300	2.9%
Daiichikoshu Co., Ltd.	3,800	10,947,800	1.1%
Daiwa House Industry Co., Ltd.	8,400	22,491,000	2.2%
Denka Co., Ltd.	5,000	11,385,000	1.1%
Electric Power Development Co., Ltd.	12,100	26,353,800	2.5%
Honda Motor Co., Ltd.	6,400	15,552,000	1.5%
ITOCHU Corp.	21,900	49,110,750	4.6%
JSR Corp.	10,800	21,524,400	2.1%
Kanematsu Corp.	13,200	14,638,800	1.4%
KDDI Corp.	7,700	24,563,000	2.4%
Kirin Holdings Co., Ltd.	9,200	19,665,000	1.9%
Kyowa Exeo Corp.	9,100	21,894,600	2.1%
Lintec Corp.	6,600	15,008,400	1.4%
Macnica Fuji Electronics Holdings, Inc.	9,600	12,873,600	1.2%
Maeda Road Construction Co., Ltd.	1,100	2,223,100	0.2%
Marui Group Co., Ltd.	9,100	16,516,500	1.6%
Mitsubishi Corp.	12,400	28,414,600	2.7%
NEC Networks & System Integration Corp.	5,600	24,640,000	2.4%
Nippon Express Co., Ltd.	2,500	13,225,000	1.3%
Nippon Telegraph & Telephone Corp.	24,400	62,842,200	6.0%
ORIX Corp.	15,600	20,287,800	2.0%
Osaka Gas Co., Ltd.	9,900	20,156,400	1.9%
Penta-Ocean Construction Co., Ltd.	25,100	14,281,900	1.4%
Raito Kogyo Co., Ltd.	10,900	13,374,300	1.3%
Senko Group Holdings Co., Ltd.	23,200	19,441,600	1.9%
Shimachu Co., Ltd.	6,900	18,367,800	1.8%
Shinko Electric Industries Co., Ltd.	12,300	12,742,800	1.2%
Sodick Co., Ltd.	17,300	11,210,400	1.1%
Softbank Corp.	17,400	23,916,300	2.3%
Sompo Holdings, Inc.	6,300	21,060,900	2.0%
Sony Financial Holdings, Inc.	10,700	19,548,900	1.9%
Star Micronics Co., Ltd.	12,200	13,310,200	1.3%
Starts Corp., Inc.	8,100	16,240,500	1.6%
Sumitomo Forestry Co., Ltd.	12,700	17,589,500	1.7%
Sumitomo Mitsui Trust Holdings, Inc.	4,800	14,995,200	1.4%

Portfolio statement as at 31 March 2020 (Unaudited) (Continued)

(Expressed in Japanese Yen)

	Holdings	Market value	% of net asset value
Equities (Continued)			
Listed shares (Continued)			
Japan (Continued)			
Takasago Thermal Engineering Co., Ltd.	7,900	¥ 13,121,900	1.3%
Takeda Pharmaceutical Co., Ltd.	10,400	34,403,200	3.3%
The Sumitomo Warehouse Co., Ltd.	11,300	13,367,900	1.3%
TOKAI Holdings Corp.	14,600	13,680,200	1.3%
Tokio Marine Holdings, Inc.	7,200	35,640,000	3.4%
Tokyo Ohka Kogyo Co., Ltd.	5,400	22,383,000	2.2%
Tokyu Fudosan Holdings Corp.	36,000	18,648,000	1.8%
Ushio, Inc.	14,100	14,565,300	1.4%
Wacoal Holdings Corp.	5,800	13,612,600	1.3%
West Japan Railway Co.	3,900	28,844,400	2.8%
Total listed shares		¥ 1,010,250,450	97.1%
(Cost of investments: ¥1,137,551,898)			
Forward Foreign Currency Contracts		¥ (49,606)	0.0%
Total investments		¥ 1,010,200,844	97.1%
(Total cost of investments: ¥1,137,551,898)			
Other net assets		¥ 29,860,807	2.9%
Total net assets		¥ 1,040,061,651	100.0%

Forward Foreign Currency Contracts Outstanding at 31 March 2020

Buy	Counterparty	Contract Amount	Settlement Date	Sell	Contract Amount	Net Unrealized Appreciation/ (Depreciation)
USD	Brown Brothers Harriman	207,870	4/30/2020	JPY	22,497,817	(49,606)

Statement of movements in portfolio holdings
 for the year ended 31 March 2020 (Unaudited)
 (Expressed in Japanese Yen)

	<i>% of net asset value as at 31 March 2020</i>	<i>% of net asset value as at 31 March 2019</i>
Equity securities		
Listed shares – Japan	97.1%	97.9%
Financial Derivative Instruments		
Forward Foreign Currency Contracts	0.0%	0.0%
Total investments	97.1%	97.9%
Other net assets	2.9%	2.1%
Total net assets	100%	100%

Performance table (Unaudited)

(Expressed in Japanese Yen)

Price record (dealing net asset value per unit)

	<i>Denomination currency</i>	<i>Year ended 31 March 2020</i>	
		<i>Market price</i>	
		<i>Lowest</i>	<i>Highest</i>
Class A (HKD) Accumulation	HKD	6.53	9.06
Class A (USD) Hedged Distribution	USD	6.37	9.07
Class I (JPY) Accumulation	JPY	732	1,036

	<i>Denomination currency</i>	<i>Year ended 31 March 2019</i>	
		<i>Market price</i>	
		<i>Lowest</i>	<i>Highest</i>
Class A (HKD) Accumulation	HKD	7.84	9.77
Class A (USD) Hedged Distribution	USD	8.25	10.30
Class I (JPY) Accumulation	JPY	895	1,098

	<i>Denomination currency</i>	<i>Period from 12 October 2017 (date of commencement of operations) to 31 March 2018</i>	
		<i>Market price</i>	
		<i>Lowest</i>	<i>Highest</i>
Class A (HKD) Accumulation	HKD	9.32	10.34
Class A (USD) Hedged Distribution	USD	9.55	10.25
Class I (JPY) Accumulation	JPY	985	1,133

Performance table (Unaudited) (continued)

(Expressed in Japanese Yen)

	<i>As at 31 March</i>	<i>As at 31 March</i>	<i>As at 31 March</i>
	<i>2020</i>	<i>2019</i>	<i>2018</i>
Total net asset value:			
Class A (HKD) Accumulation	¥ 15,343,886	¥ 17,851,655	¥ 19,378,027
Class A (USD) Hedged Distribution	22,922,918	67,494,677	20,984,495
Class I (JPY) Accumulation	1,001,794,847	1,152,401,467	1,219,017,822

	<i>Denomination</i>	<i>As at</i>	<i>As at</i>	<i>As at</i>
	<i>currency</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
		<i>2020</i>	<i>2019</i>	<i>2018</i>
Net asset value per unit:				
Class A (HKD) Accumulation	HKD	7.33	8.43	9.51
Class A (USD) Hedged Distribution	USD	7.31	8.68	9.78
Class I (JPY) Accumulation	JPY	<u>834</u>	<u>960</u>	<u>1,015</u>

Administration

Manager

Sumitomo Mitsui DS Asset Management (Hong Kong) Limited
(formerly Daiwa SB Investments (HK) Limited)
Unit 601 – 602 & 615 – 616, One International Finance Centre
1 Harbour View Street
Central, Hong Kong

Directors of the Manager

OKADA Junya	(Resigned on 1 October 2019)
CHUREI Daisuke	
OZAKI Hideomi	(Resigned on 1 October 2019)
MIYAGAKI Naoya	(Appointed on 1 October 2019)
MURAI Toshiyuki	(Appointed on 1 October 2019)
SHIMODE Tetsuya	(Appointed on 1 October 2019)
SHIMBO Kazuhisa	(Appointed on 18 June 2020)

Trustee

Brown Brothers Harriman Trustee Services (Hong Kong) Limited
13/F Man Yee Building
68 Des Voeux Road
Central, Hong Kong

Custodian, Registrar and Transfer Agent

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Solicitors to the Manager

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Auditor

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